



THE CONDUCT OF LOCAL AUTHORITY BUSINESS

COMMITTEE OF INQUIRY INTO THE CONDUCT OF LOCAL AUTHORITY BUSINESS

Research Volume IV:

Aspects of Local Democracy

*Presented to Parliament by the Secretary of State for the Environment,
the Secretary of State for Scotland
and the Secretary of State for Wales
by Command of Her Majesty
June 1986*

LONDON

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The Conduct of Local Authority Business

Report of the Committee of Inquiry

Research Volume I:	The Political Organisation of Local Authorities
Research Volume II:	The Local Government Councillor
Research Volume III:	The Local Government Elector
Research Volume IV:	Aspects of Local Democracy

PREFACE

The Willemoore Committee was appointed by the Secretaries of State for the Home Department, Scotland and Wales to inquire into the conduct of local authority business. It held its first meeting in March 1967 and submitted its final report in May 1968. Within one month the Committee commissioned a substantial programme of research. This volume is one of four research volumes reporting the results of this research and is published concurrently with the Committee's Final Report.

Research was carried out on a number of specific aspects of electoral arrangements, the financing of local authorities and the method of delivery of particular services. It also investigated particular aspects of efficiency. These were made, the Committee decided, the subject of four research volumes. The first of these local authorities studies is this volume. The second volume is a survey of local authorities' expenditure on the provision of public services. The third volume is a sample survey of the activities of local authorities in the provision of housing. The fourth volume is a study of the activities of local authorities in the provision of social services.

RESEARCH VOLUME IV ASPECTS OF LOCAL DEMOCRACY

This volume is the fourth of four research volumes. It is a study of local democracy. It is a study of the activities of local authorities in the provision of public services and of social services. It is a study of the activities of local authorities in the provision of housing and of social services. It is a study of the activities of local authorities in the provision of public services and of social services. It is a study of the activities of local authorities in the provision of housing and of social services.

This volume presents the secondary research papers commissioned by the Committee on those topics where a review of the issues, rather than original work, was required. It also contains an analysis of local authority discretionary expenditure based on a survey of all authorities concerning the use made of their discretionary powers under Section 157 of the Local Government Act 1972 and, in Scotland, Section 83 of the Local Government (Scotland) Act 1973. The data refer to expenditure in 1984-85. This work was undertaken by IFF Ltd and forms chapter 1.

Chapter 2 provides a detailed account of the events leading up to the making of a rate for 1985-86 by Liverpool City Council. The final section considers the roles played and the influence exercised by the various participants in this story. The author is Michael Parkinson, Director of the Centre for Urban Studies at Liverpool University.

As the Committee's Research Adviser I was asked to prepare a background paper on the development of party politics in local government. This appears here as chapter 3, and focuses on the key episodes in the rise of party in the nineteenth and twentieth centuries. It may be read as an historical prelude to the analysis of contemporary patterns of politics presented in Research Volume 1.

John Gifford, who lectures in urban politics and planning at University College, London, is the author of chapter 4. He reviews both contemporary developments in the relations between local authorities and the public and the social forces which underpin them. He examines moves towards the decentralisation of local services and the involvement of local groups and communities in the deci-

PREFACE

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The structure of local government, most aspects of electoral arrangements, the financing of local government and the method of delivery of particular services were outside the Committee's terms of reference. Those areas aside, the Committee's remit was wide-ranging, addressing all aspects of how local authorities organise themselves and take decisions. The Committee's research was equally wide-ranging. It included a questionnaire and interview survey of local authorities on their political organisation (reported in Research Volume I); a sample survey of councillors and a study of their remuneration (reported in Research Volume II); studies of public attitudes to local government and of voting behaviour in local elections (Research Volume III).

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sion making process, and considers the extent to which this involvement poses questions about the nature of local democracy.

Professors Michael Goldsmith of Salford University and Ken Newton of the University of Dundee were asked to provide the Committee with an account of the organisation and status of local authorities in a number of other countries, and of the political processes that obtain there. Their report appears here as chapter 5 of this volume.

Ken Young

Research Adviser to the Committee

May 1986

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CHAPTER 1

AN ANALYSIS OF LOCAL AUTHORITY DISCRETIONARY EXPENDITURE IN 1984-85

Phillip Ramsdale and Stuart Capon

In July 1985, the Committee of Inquiry into the Conduct of Local Authority Business invited us to undertake work to the following remit:

“obtaining detailed information on the use made by local authorities in the financial year 1984-85 of their powers under section 137 of the Local Government Act 1972 and section 83 of the Local Government (Scotland) Act 1973; and commenting as appropriate on any significant variations between authorities as to the use made of those powers, including any which reflect different interpretations of the scope of section 137/83 and functional powers.”

We were asked to undertake the work conjointly with a study of local authority members' allowances, the results of which are reported separately in Research Volume II.

We are grateful to all those who have contributed to this study. Particular thanks are due to the staff of local authority finance departments, who patiently set aside some of their time to explain the complexities of their day to day dealings.

METHODOLOGY

The work comprised two elements:

- (i) a questionnaire distributed to the directors of finance of all principal local authorities throughout Great Britain in September 1985;
- (ii) an interview survey undertaken in 15 authorities in October and November 1985 with directors of finance and/or their senior staff.

The questionnaire, reproduced at Appendix I, asked for details of section 137/83 expenditure in 1984-85 by type of expenditure and by certain broad “purpose of expenditure” categories. The interview survey, which rested on too small a sample to be taken as generally representative, was intended to probe for any difficulties encountered in completing the questionnaire and to provide a picture of some of the views of finance officers on the operation of the powers. In choosing the 15 authorities visited, particular care was taken to select as broad a spread of backgrounds as such a limited sample allowed. Members of the Chartered Institute of Public Finance and Accountancy were also consulted at various stages of the work.

The categories adopted in the questionnaire for “purpose of expenditure” broadly followed those adopted by Colin Crawford and Victor Moore in their earlier analysis of section 137 and 83 expenditure.¹ This was to facilitate analysis over time.

¹ C Crawford and V Moore, “*The Free Two Pence*” (London: CIPFA, 1983).

The results are derived from completed questionnaires from 84% of all principal local authorities in Great Britain. The response rate by class of authority is shown in Table 1.1.

TABLE 1.1

All authorities Great Britain

Questionnaire response by class of authority			
	total possible	total replies	response rate %
England			
Metropolitan Counties and GLC	7	6	86
Shire Counties	39	36	92
Inner London Boroughs ¹	13	10	77
Outer London Boroughs	20	17	85
Metropolitan Districts	36	32	89
Shire Districts ²	297	246	83
Total for England	412	347	84
Wales			
Counties	8	8	100
Districts	37	30	81
Total for Wales	45	38	84
Scotland			
Regions and Islands	12	10	83
Districts	53	41	77
Total for Scotland	65	51	78
All	522	436	84

¹ includes City of London

² includes Isles of Scilly

At points throughout this report we provide estimated aggregate figures for section 137/83 expenditure. These are derived by a process of "grossing up", following a standard procedure. The exclusive penny rate product for each class of authority has been used as the base and returns for each class have been grossed up accordingly on a pro rata basis. The stratified grossed up figures for each class have then been summed to produce national aggregates. Where our tables present figures for such estimated expenditure, this is clear from the table head, which refers to "all authorities Great Britain". Reference to "all responding authorities" only indicates that the data are derived from the survey respondents and are not "grossed up".

THE STATUTORY PROVISIONS

Section 137 of the Local Government Act 1972 provides a general discretionary power under which local authorities in England and Wales may incur expendi-

ture which in their opinion is in the interests of their area. They may not incur expenditure under the power, however, for any purpose for which they are authorised or required to act under other legislation. The precise wording of the key sub-section is as follows:

137(1). A local authority may, subject to the provisions of this section, incur expenditure which in their opinion is in the interests of their area or any part of it or all or some of its inhabitants, but a local authority shall not, by virtue of this subsection, incur any expenditure for a purpose for which they are, either unconditionally or subject to any limitation or to the satisfaction of any condition, authorised or required to make any payment by or by virtue of any other enactment.

The amount of expenditure which an authority may incur under section 137 in any one year is subject to the limit of the product of a rate of 2p in the pound for their area, and local authorities are required to keep a separate account of any expenditure incurred under section 137.

Section 83 of the Local Government (Scotland) Act 1973 provides similar powers for local authorities in Scotland, except that they are debarred from incurring expenditure under the section on any item for which another authority has express authority to incur expenditure, unless invited to do so by that other authority (section 83(3A)).

In England and Wales, the 2p limit must be calculated in accordance with the rate product rules made under section 113 of the General Rate Act 1967 (section 137(8)). The Rate Product (Amendment) Rules 1983 (SI 1983 No 268) are currently in force. The effect of the rules is that the ceiling may be calculated to include that part of the Rate Support Grant which is notionally attributable to resource equalisation.

The Scottish Act does not include any comparable provision governing the computation of the 2p limit. There is, as a result, some legal uncertainty as to whether the 2p rate product ceiling in Scotland should be calculated to include resources element of Rate Support Grant.

In what follows, the 2p ceiling for English and Welsh authorities has been calculated by reference to the most favourable of the inclusive or exclusive rate products. The exclusive rate product has been used for Scottish authorities.

THE FINDINGS

Total Expenditure 1984–85

In 1984–85 total expenditure by local authorities in Great Britain under section 137 and section 83 amounted to some £136 million. This amount represented 0.47% of total local authority rate and grant borne expenditure in that year, and an average expenditure per authority per head of population of £1.24.

Local authorities have discretion to spend no more than the product of a 2p rate for their area under sections 137/83. The aggregate “ceiling” thus calculated amounted to £417.5m in Great Britain as a whole in 1984–85. Total actual expenditure amounted to 32.5% of the ceiling.

Variations within this aggregate picture by type of authority are shown in Table 1.2. It will be seen that the Greater London council and the metropolitan counties as a group spent substantially the largest amount in cash terms, between them accounting for 47% of total section 137/83 expenditure in the year. The expenditure of this category of authorities was also significantly higher than the national average when expressed as a percentage of their aggregate expenditure ceiling (82.7%) or as an amount per head for their constituent populations (£3.52). At the other end of the spectrum, the English shire counties, the Scottish districts and the outer London boroughs all spent on average less than 15% of their expenditure ceilings and less than £0.60 per head of population.

TABLE 1.2

All authorities Great Britain

Section 137/83 expenditure in 1984-85				
	total expenditure	expenditure per head	expenditure in relation to total rate and grant borne expenditure	expenditure in relation to value of 2p rate product
	£	£	%	%
England				
Metropolitan Counties and GLC	63,372,705	3.52	1.75	82.69
Shire Counties	12,564,133	0.43	0.12	12.93
Inner London Boroughs	5,795,147	2.50	0.54	23.74
Outer London Boroughs	1,672,225	0.38	0.09	8.98
Metropolitan Districts	13,587,168	1.21	0.30	36.15
Shire Districts	20,880,063	0.72	1.22	21.00
Total for England	117,871,441	1.26 ¹	0.50	33.31
Wales				
Counties	2,946,439	1.05	0.24	35.25
Districts	2,783,006	0.99	1.04	33.39
Total for Wales	5,729,445	1.02 ¹	0.39	34.32
Scotland				
Regions and Islands	9,120,927	1.77	0.32	38.31
Districts	2,909,921	0.57	0.43	12.61
Total for Scotland	12,030,848	1.18 ¹	0.34	25.66
All	135,631,734	1.24¹	0.47	32.49

¹ These figures represent average expenditure per authority per head of population rather than average total expenditure per head of population by both tiers of local government.

The figures in Table 1.2 in turn disguise considerable variations within the broad categories of authority and between individual authorities. A quarter of all authorities reported no expenditure under section 137/83 in 1984–85. At the other extreme, 21 authorities reported expenditure within 20% of their ceiling. These variations are shown in more detail in Table 1.3.

TABLE 1.3

All responding authorities

Section 137/83: Actual expenditure in relation to the allowable 2p rate product ceiling 1984–85

	Nil	less than 20% of ceiling	20-39% of ceiling	40-59% of ceiling	60-79% of ceiling	greater than 80% of ceiling	all author- ities
England							
Metropolitan Counties and GLC	0	1	0	0	3	2	6
Shire Counties	11	17	4	4	0	0	36
Inner London Boroughs	3	1	1	2	1	2	10
Outer London Boroughs	4	11	1	0	1	0	17
Metropolitan Districts	1	8	10	7	3	3	32
Shire Districts	81	87	39	18	11	10	246
All authorities in England	100 29%	125 36%	55 16%	31 10%	19 5%	17 5%	347 100%
Wales							
Counties	0	1	5	1	1	0	8
Districts	4	11	5	6	2	2	30
All authorities in Wales	4 11%	12 32%	10 26%	7 18%	3 8%	2 5%	38 100%
Scotland							
Regions and Islands	0	5	1	2	0	2	10
Districts	4	29	7	1	0	0	41
All authorities in Scotland	4 8%	34 66%	8 16%	3 6%	0 0%	2 4%	51 100%
All Authorities	108 25%	171 39%	73 17%	41 9%	22 5%	21 5%	436 100%

There has been a marked increase in expenditure under section 137/83 over the five years 1980–81 to 1984–85. This is illustrated in Table 1.4. Figures for the year 1981–82 must be treated with caution as they derive from different survey methodology and have been coarsely adjusted from the study undertaken by Colin Crawford and Victor Moore. Figures from the same source suggest that there has been a comparable increase in the proportion of authorities which incur expenditure under section 137/83 – rising from 24% in 1975–76 through 50% in 1981–82 to 75% in 1984–85.

TABLE 1.4

All authorities Great Britain

Estimated increase in expenditure under sections 137 and 83 between 1981-82 and 1984-85

	1981-82 out-turn expenditure £000	1981-82 expenditure at 1984-85 prices £000	1984-85 out-turn expenditure £000	percentage change (constant prices) %
England and Wales:				
Metropolitan Counties and GLC	8,635	10,104	63,373	+ 527
Metropolitan Districts and London Boroughs	10,234	11,975	21,055	+ 76
Shire Counties	2,246	2,628	15,511	+ 490
Shire Districts	9,302	10,884	23,663	+ 117
Total for England and Wales	30,417	35,591	123,601	+ 247
Scotland	3,665	4,288	12,031	+ 180
All Authorities	34,082	39,879	135,632	+ 240

Type and Purpose of Expenditure

Local authorities were asked to categorise their section 137/83 expenditure in 1984-85 into eight broad "purpose of expenditure" categories, and to separately identify revenue grants, other revenue and capital payments. The results are shown in Table 1.5. Please refer to pages 29 and 30 for an explanation of the service definitions.

Economic development and employment related measures emerge as by far the most substantial use of section 137/83 powers, accounting for over £90m or some 67% of all section 137/83 expenditure in 1984-85. The types of activity involved included:

- (i) grants to enterprise boards or similar bodies;
- (ii) grants or loans to individual firms or organisations who cannot obtain venture capital from commercial sources;
- (iii) provision of "starter units";
- (iv) subsidy for initially uneconomic rents;
- (v) industrial training;
- (vi) assistance with equipment;
- (vii) specialist advice;
- (viii) general publicity and/or visits to attract industry to the area.

"Legal and advisory services" and "other welfare services" were also important uses, accounting for nearly £19m. However, a large amount of expenditure (more than 10%, or £14.5m) was not attributed to any of the pre-defined headings.

TABLE 1.5

All authorities Great Britain

Section 137/83 expenditure in 1984-85 by type and purpose of expenditure¹

	grants and contributions		revenue expenditure				total capital expenditure		total revenue and capital expenditure	
	£000	%	£000	%	£000	%	£000	%	£000	%
Economic development	55,860	41.18	17,825	13.14	73,684	54.33	16,899	12.46	90,583	66.79
Town twinning	151	0.11	212	0.16	363	0.27	0	0.00	363	0.27
Transport related services	767	0.57	1,214	0.90	1,981	1.46	57	0.04	2,039	1.50
Advisory services	8,662	6.39	736	0.54	9,398	6.93	726	0.54	10,124	7.46
Other welfare services	5,163	3.81	3,316	2.44	8,479	6.25	236	0.17	8,715	6.43
Environmental schemes	527	0.39	2,017	1.49	2,545	1.88	622	0.46	3,166	2.33
School milk	5	0.00	137	0.10	142	0.11	0	0.00	142	0.11
Publicity and promotion	987	0.73	4,701	3.47	5,688	4.19	333	0.25	6,020	4.44
Unclassified	10,559	7.78	2,317	1.71	12,875	9.49	1,604	1.18	14,479	10.68
Total	82,680	60.96	32,475	23.94	115,155	84.90	20,476	15.10	135,632	100.00

¹ Notes of guidance on the attribution of expenditure to the categories shown were included in the questionnaire which is reproduced in Appendix I, p. 29 & 30

TABLE 1.6

All authorities

Section 137/83 expenditure in 1984-85 by purpose of expenditure and type of authority

	economic development %	town twinning %	transport related services %	advisory services %	other welfare services %	environ- mental schemes %	school milk %	publicity and promotion %	unclassified %
England									
Metropolitan Counties and GLC	73.5	0	0.4	8.4	2.4	0.5	0	7.6	7.1
Shire Counties	87.8	0	8.4	0.5	7.2	0.8	0	1.5	1.0
Inner London Boroughs	53.6	0.7	0.4	18.0	13.2	1.5	0	6.4	6.1
Outer London Boroughs	40.3	0.4	4.6	4.6	11.8	1.5	0	4.2	32.5
Metropolitan Districts	72.6	0.4	0.6	5.6	6.2	2.8	0.1	1.0	10.6
Shire Districts	41.9	0.8	5.9	12.1	14.2	10.3	0.6	1.0	13.2
Total for England	68.6	0.2	1.5	8.2	5.9	2.4	0.1	5.0	8.1
Wales									
Counties	79.3	0	0	0.5	12.8	0.1	0	0	7.3
Districts	49.3	0.3	2.5	6.7	9.6	11.5	0	2.2	18.0
Total for Wales	66.1	0.1	1.1	3.2	11.4	5.1	0	1.0	12.0
Scotland									
Regions and Islands	54.7	0	2.8	0.6	8.1	0	0	0	33.8
Districts	28.4	3.8	0	5.3	14.0	0.2	0	0	47.3
Total for Scotland	48.2	1.0	2.1	1.7	9.5	0.2	0	0.1	37.1
All Authorities	66.8	0.3	1.5	7.5	6.4	2.3	0.1	4.4	10.7

Table 1.6 shows the purpose of expenditure by type of authority. It will be seen that the national pattern of priorities for the use of section 137/83 is generally reflected across all categories of authority, with economic development and employment promotion measures accounting for more than 40% of section 137/83 expenditure in every category except Scottish districts. Such measures are particularly significant in section 137 terms in the shire counties where they account for 88% of all expenditure. In the English shire districts, section 137 expenditure is spread rather more evenly across different types of activity, with legal and advisory services, welfare services, transport services and environmental related services all accounting for a substantial proportion of expenditure. It should be noted that the use of section 137/83 for publicity purposes was minimal other than by the London authorities and the metropolitan county councils.

As noted earlier, we were asked if possible to assemble information on the use to which section 137/83 powers were put in 1984–85 in a manner which bore comparison with the data assembled by Crawford and Moore for earlier years and hence enable some analysis to be made over time. It should be noted, however, that while Crawford and Moore themselves attributed expenditure to 12 categories from individual (and sometimes somewhat sketchy) scheme details supplied by individual authorities, we chose rather to ask authorities themselves to attribute expenditure to certain pre-determined categories. In selecting these pre-determined categories, we broadly followed those used by Crawford and Moore, compressing some of the smaller categories and adding publicity services. We would suggest that both methods of attribution are subject to considerable weaknesses and that any cross survey comparisons should accordingly be treated with caution.

Subject to those reservations, Table 1.7 shows trends over time in the use to which section 137/83 powers are put. It will be seen that there has been an increase in real terms in the level of expenditure in all categories. Particularly remarkable, the amount of section 137/83 expenditure on economic and employment promotion measures increased from some £18m in 1981–82 (1984–85 prices) to some £90m in 1984–85.

Central Establishment Charges

Authorities were asked separately to identify any recharged employee expenses or central establishment charges which were included in their figures for total expenditure under section 137/83 in 1984–85. Twenty five per cent of all responding authorities made no use of sections 137 and 83 in 1984–85. Of the authorities using section 137/83, 33% indicated that such a charge was made and 30% (or 98 authorities in total) were able to identify the amount involved. Returns for the remaining 67% of authorities which used sections 137 or 83 were ambiguous: either no recharge to the section 137/83 account for employee expenses and central establishment costs was made, or else authorities were unable to separately identify such costs.

Returns from the 98 authorities identifying a figure for central establishment charges are analysed in Table 1.8. It will be seen that there is a wide variation in the amounts these charges represent as a proportion of total section 137/83 expenditure. Such variation will be substantially due to the varying scales of grants and contributions expenditure made by different authorities.

TABLE 1.7

All authorities Great Britain

Section 137/83: purpose of estimated expenditure 1981-82 and 1984-85

	1981-82 ¹			1984-85		increase 1981-82 1984-85 (constant prices) %
	out-turn prices £000	1984-85 prices £000	%	out-turn prices £000	%	
Economic and industrial development	15,345	17,955	45	90,583	67	+ 405
Advisory and welfare related services	4,092	4,788	12	18,982	14	+ 296
Environmental and transport services	3,410	3,990	10	5,205	4	+ 30
Other items	11,235	13,146	33	20,862	15	+ 59
	34,082	39,879	100	135,632	100	+ 240

¹ The figures for 1981-82 are "grossed up" estimates derived from Crawford and Moore's study *The Free Two Pence*, Table 6.15

Observations

A number of points arose from the interview survey and through discussions over the course of the project. These are briefly itemised below:

- (i) there appears to be considerable uncertainty among local authorities about what items ought to be attributed to sections 137/83 rather than functional powers. Our own categorisation of possible items—which largely followed those adopted in the Crawford and Moore study—provoked a considerable number of queries. We believe that some central advice on the "grey areas" would be welcomed by local authorities;
- (ii) not surprisingly, authorities tend to be far more discriminating about what items they should attribute to section 137/83 when they are approaching their 2p expenditure limit;
- (iii) there was considerable concern about the effect of the abolition of the GLC and metropolitan county councils on the section 137 spending power in relevant areas, and about the effect of changes to the grant arrangements among English authorities. The former has cut in half section 137 spending capacity in the GLC and metropolitan areas from April 1986. The latter could reduce the section 137 ceiling by as much as 40% for a number of authorities in 1986-87;
- (iv) the view that sections 137 and 83 are an important discretionary provision appears to be widely held among local authorities.

TABLE 1.8 Responding authorities identifying central establishment charges

Central establishment charges (CEC)				
	Authorities showing CEC	Their total section 137/83 expenditure £000	Their CEC £000	Their CEC in relation to total section 137/83 expenditure %
England				
Metropolitan Counties and GLC	1	6,287	184	2.9
Shire Counties	10	2,275	582	25.6
Inner London Boroughs	3	2,100	154	7.3
Outer London Boroughs	3	494	132	26.8
Metropolitan Districts	4	2,081	577	27.7
Shire Districts	65	9,468	2,104	22.2
Total for England	86	22,705	3,733	16.4
Wales				
Counties	2	431	94	21.8
Districts	5	951	83	8.7
Total for Wales	7	1,382	177	12.8
Scotland				
Regions and Islands	2	5,515	311	5.6
Districts	3	521	50	9.5
Total for Scotland	5	6,036	361	6.0
All Authorities	98	30,123	4,270	14.2

SUMMARY

Total expenditure under sections 137 and 83 in Great Britain in 1984–85 was £136m. This represents roughly one-third of the aggregate amount that local authorities were entitled to spend under the “2p” rule.

As a group, the Greater London Council and metropolitan county councils were significantly the largest spenders both in cash terms and as a percentage of the available “2p” resource.

One quarter of all authorities reported no expenditure under sections 137/83 in 1984–85. At the other extreme 21 authorities spent up to, or within 20% of, their “2p” ceiling.

Aggregate expenditure under section 137 and 83 has increased substantially over the 5 years from 1980–81 to 1984–85 but still represents less than 1% of total rate and grant borne expenditure.

Economic development and employment related measures are by far the most substantial use of section 137/83, accounting for two-thirds of total expenditure under these powers in 1984–85.

APPENDIX 1

QUESTIONNAIRE



The Chartered Institute of Public Finance & Accountancy

1885-1985

3 Robert Street London WC2N 6BH Telephone 01-930 3456

PR/LS(55)

Date: As postmarked

Dear Colleague,

COMMITTEE OF INQUIRY INTO THE CONDUCT OF LOCAL AUTHORITY BUSINESS
(THE "WIDDICOMBE" COMMITTEE)

The Committee whose terms of reference appear overleaf has commissioned from the Institute a study of certain aspects of local authority expenditure. The main areas to be explored in the study are (i) members' allowances and (ii) expenditure under S137 of the Local Government Act 1972 and S83 of the Local Government (Scotland) Act 1973. On section 137 expenditure, the Committee is looking for an update of the Institute's existing analysis of the different categories of expenditure under this section. On members' allowances, the Committee is seeking a general overview of the operation of the current allowance and expenses provisions; there is at present no aggregate national information available on this subject.

I hope you will be able to assist me by completing the enclosed questionnaire and returning it to me by 27th September 1985. (A duplicate copy and notes of guidance are enclosed for retention.) No individual authority or person will be identifiable in any published material resulting from the study; the disaggregated data will be treated as confidential to CIPFA and the Committee and will not be made available to any Government Department.

A panel of Institute members will be scrutinising the results of this survey and I may need to contact you again to discuss your reply in more detail.

Thank you for your help.

Yours truly,

N. P. Hepworth
Director

To: Directors of Finance in all Local Authorities in Great Britain

Enc.

Director NP Hepworth OBE IPFA DPA

COMMITTEE OF INQUIRY INTO THE CONDUCT OF LOCAL AUTHORITY BUSINESS

Appointment and Membership of Committee

The Committee was appointed by Patrick Jenkin MP, Secretary of State for the Environment, together with the Secretaries of State for Scotland and Wales, under the Chairmanship of Mr David Widdicombe QC on 8 March 1985. The other members are Sir Lawrence Boyle KB JP, Mrs Diana Eccles, Mr Peter Newsam and Mr George Russell CBE.

Terms of Reference

'To inquire into practices and procedures governing the conduct of local authority business in Great Britain, with particular reference to:

- a) the rights and responsibilities of elected members;
- b) the respective roles of elected members and officers;
and
- c) the need to clarify the limits and conditions governing discretionary spending by local authorities;

and to make any necessary recommendations for strengthening the democratic process.'

The finance and structure of local government and the method of election of local authorities are expressly outside the terms of reference.

Timescale

The Committee have been asked to report by March 1986. An interim report on local authority publicity was published earlier this month.



The Chartered Institute of 1885-1985 Public Finance & Accountancy

SURVEY ABOUT ASPECTS OF LOCAL AUTHORITY EXPENDITURE.
1984/85 OUTTURN STATISTICS.

This is a survey commissioned by the Committee of Inquiry into the conduct of Local Authority business, chaired by Mr. David Widdicombe, Q.C.. Please keep one copy of this questionnaire for information, and complete the other and return it by 27th., SEPTEMBER, 1985, to:-

CIPFA,
3, Robert St.,
LONDON. WC2N 6BH.

The form is set out in two parts:

PART ONE - relates to expenditure falling within the scope of Section 137. of the Local Government Act, 1972, (England & Wales);
or Section 83. of the Local Government Act, 1973, (Scotland).

PART TWO - seeks information about Elected Members' allowances and expenses.

THE INFORMATION SOUGHT RELATES TO OUTTURN EXPENDITURE DURING 1984/85.

If you have any queries about filling in this form please telephone PHILLIP RAMSDALE on 01-930-3456, ext. 211.

Please enter your name and telephone number below:

Name of person completing this form: _____

STD code _____ Telephone No. _____ Extension _____

Code: *1985
For CIPFA use
 1

THE CHARTERED INSTITUTE OF PUBLIC FINANCE & ACCOUNTANCY.
ASPECTS OF LOCAL AUTHORITY EXPENDITURE - 1984/85 OUTTURN.

1. Name of your Council.....|1|

PART ONE - DISCRETIONARY EXPENDITURE INCURRED DURING 1984/85, UNDER SECTION 137 OF THE LOCAL GOVERNMENT ACT, 1972. (SEC.83 OF THE 1973 ACT IN SCOTLAND).

Please enter (in whole £'s) net expenditure incurred under the above powers. (Enter " - " for nil; and " * " for unknown/ or not available.)

USE or PURPOSE:	(PLEASE SEE THE NOTES)	REVENUE GRANTS & CONTRIBUTIONS: (col a.)	OTHER REVENUE EXPENDITURE: (col b.)	TOTAL REVENUE EXPENDITURE: (col c. (i.e. a+b))	TOTAL CAPITAL PAYMENTS: (col d.)
2. ECONOMIC/INDUSTRIAL DEVELOPMENT & EMPLOYMENT ASSISTANCE					
3. TOWN TWINNING					
4. TRANSPORT					
5. LEGAL & ADVISORY SERVICES					
6. OTHER WELFARE SERVICES					
7. ENVIRONMENTAL MATTERS & IMPROVEMENTS					
8. FREE SCHOOL MILK					
9. PUBLICITY SERVICES					
10. OTHER UNCLASSIFIED ABOVE					
11. TOTAL SECTION 137/83					
12. MEMORANDUM - EMPLOYEE EXPENSES & CENTRAL ESTABLISHMENT RECHARGES INCLUDED AT line 11, column b.					

Aspects of Local Authority Expenditure
1984/85 out turn statistics

Notes of guidance on completion of the questionnaire

- General: (a) Except where otherwise stated, all financial figures should be entered in whole figures, to the nearest £.
 (b) If you incur nil expenditure, enter a dash (-).
 (c) If you do not know the answer, enter two stars (**).

Part one - Section 137/83 expenditure:

Please show net expenditure for the statutory purpose of the 1972 Act, as amended, within the categories and under the headings as shown:

Revenue grants and contributions (Column a) - should include assistance to national and local organisations funded from revenue. Donations to individuals in the way of benefits should be excluded, and included under column b instead. Sponsorship grants to individuals or groups should fall under column a. Any grant or contribution funded from capital should be shown under column c.

Other revenue expenditure (column b) - includes such spending on direct provisions made by your Council, including central establishment expenses recharged to these services [see note to line 12 below].

Total capital payments (column d) - enter capital expenditure including grants and contributions funded in this way.

- Line 2. Economic/Industrial Development and Employment Assistance should include grants and contributions made for such purposes. Where there is a dual-purpose for grants/contributions please use lines 3 to 9 wherever possible, in preference to line 2. For example, workshops for the disabled would be entered at line 6 - "Other Welfare Services".
- Line 4. Transport should include direct provisions as well as fares subsidies e.g. Minibus services for the elderly, and bus passes for the elderly.
- Line 5. Legal and Welfare Advisory Services including support of the Citizen's Advice Bureau and other voluntary advisory agencies should be included here.
- Line 6. Other Welfare Services includes all general support and provisions for the disabled, disadvantaged, or elderly citizens e.g. Alarm linking, voluntary warden schemes, Meals on Wheels, Luncheon Clubs, Welfare benefits, holiday assistance. Include grants/contributions to other agencies providing such services

within the administrative boundaries of your authority. However contributions to organisations providing foreign aid should be included at line 10.

- Line 7. Environmental schemes should include additional provisions such as street cleaning, gully/sewerage emptying, tree planting, all seminars and designations on environmental matters - airports, nuclear issues etc..
- Line 9. Publicity services should include contributions for the purpose of publicity campaigns and other promotional services you have included under Section 137/83 powers.
- Line 10. "Other Unclassified above" should include any other spending which does not fall conveniently within the previous classifications e.g. Play-leadership, Health Education. Please attach a classified list of these if practical.
- Line 12. Show the cost of council employees and other central establishment expenses within the total amount of revenue expenditure incurred under Section 137/83.

Please attach a copy of any memorandum accounts published by your authority to explain the expenditure incurred under Section 137/83.

Section 137/83 Expenditure in 1984-85

TABLE A.1

Revenue Grants (£)

	Economic Development	Town Twinning	Transport Related	Advisory Services	Welfare Services	Environ- mental Schemes	School Milk	Publicity	Unclassified	*Total*
Met. Counties (incl. GLC)	32,502,948	0	90,713	4,473,723	1,452,298	56,309	4,541	446,607	4,192,330	43,219,469
English Shire Counties	6,425,783	0	4,302	27,778	414,744	88,107	0	154,780	64,880	7,180,374
Inner London Boroughs	853,726	0	16,440	614,544	529,180	35,302	0	136,044	136,433	2,321,669
Outer London Boroughs	195,642	2,990	1,337	22,945	45,341	20,451	0	0	136,856	425,562
Met. Districts	3,255,479	30,107	5,500	605,714	426,911	52,109	0	4,300	748,739	5,128,859
English Shire Districts	3,653,056	63,925	548,463	1,736,597	1,242,488	185,403	0	141,161	1,408,715	8,979,808
Welsh Counties	1,056,533	0	0	14,920	32,050	0	0	0	212,052	1,315,555
Welsh Districts	578,796	6,199	23,863	155,208	176,840	33,145	0	774	301,900	1,276,725
Scottish Regions and Islands	1,594,043	0	0	38,620	63,434	100	0	0	1,208,727	2,904,924
Scottish Districts	242,774	32,773	926	118,623	271,445	4,857	0	5,807	1,108,274	1,785,479
England	46,886,634	97,022	666,755	7,481,301	4,110,962	437,681	4,541	882,892	6,687,953	67,255,741
Wales	1,635,329	6,199	23,863	170,128	208,890	33,145	0	774	513,952	2,592,280
Scotland	1,836,817	32,773	926	157,243	334,879	4,957	0	5,807	2,317,001	4,690,403
Great Britain	50,358,780	135,994	691,544	7,808,672	4,654,731	475,783	4,541	889,473	9,518,906	74,538,424

The figures in these tables are based on returns from 436 authorities and are not 'grossed up'.

TABLE A.2

Other revenue expenditure

	Economic Development	Town Twinning	Transport Related	Advisory Services	Welfare Services	Environ- mental Schemes	School Milk	Publicity	Unclassified	*Total*
Met. Counties (incl. GLC)	5,952,140	0	128,179	14,224	8,233	34,199	0	3,788,940	25,816	9,951,731
English Shire Counties	3,489,138	0	137,185	29,969	415,426	3,728	0	22,410	54,104	4,151,960
Inner London Boroughs	481,857	31,432	0	158,700	6,335	28,002	0	159,840	53,716	919,882
Outer London Boroughs	61,884	3,273	62,824	42,000	119,698	0	0	59,267	317,867	666,813
Met. Districts	1,406,368	16,838	49,373	76,033	331,327	159,069	17,632	121,408	536,586	2,714,634
English Shire Districts	2,522,810	76,243	468,865	328,986	1,088,651	1,380,738	106,274	29,328	793,877	6,795,772
Welsh Counties	245,038	0	0	0	346,000	2,750	0	0	2,579	596,367
Welsh Districts	147,083	0	34,007	0	46,702	198,483	0	50,519	82,737	559,531
Scottish Regions and Islands	1,499,402	355	214,113	3,833	550,268	0	0	0	184,218	2,452,189
Scottish Districts	263,728	62,883	0	10,050	76,932	11,273	0	6,282	36,910	468,058
England	13,914,197	127,786	846,426	649,912	1,969,670	1,605,736	123,906	4,181,193	1,781,966	25,200,792
Wales	392,121	0	34,007	0	392,702	201,233	0	50,519	85,316	1,155,898
Scotland	1,763,130	63,238	214,113	13,883	627,200	11,273	0	6,282	221,128	2,920,247
Great Britain	16,069,448	191,024	1,094,546	663,795	2,989,572	1,818,242	123,906	4,237,994	2,088,410	29,276,937

The figures in these tables are based on returns from 436 authorities and are not 'grossed up'.

Section 137/83 Expenditure in 1984-85

TABLE A.3

Total revenue expenditure (£)

	Economic Development	Town Twinning	Transport Related	Advisory Services	Welfare Services	Environ- mental Schemes	School Milk	Publicity	Unclassified	*Total*	of which CEC
Met. Counties (incl. GLC)	38,455,088	0	218,892	4,487,947	1,460,531	90,508	4,541	4,235,547	4,218,146	53,171,200	183,648
English Shire Counties	9,914,921	0	141,487	57,747	830,170	91,835	0	177,190	118,984	11,332,334	582,215
Inner London Boroughs	1,335,583	31,432	16,440	773,244	535,515	63,304	0	295,884	190,149	3,241,551	153,591
Outer London Boroughs	257,526	6,263	64,161	64,945	165,039	20,451	0	59,267	454,723	1,092,375	132,484
Met. Districts	4,661,847	46,945	54,873	681,747	758,238	211,178	17,632	125,708	1,285,325	7,843,493	576,709
English Shire Districts	6,175,866	140,168	1,017,328	2,065,583	2,331,139	1,566,141	106,274	170,489	2,202,592	15,775,580	2,103,903
Welsh Counties	1,301,571	0	0	14,920	378,050	2,750	0	0	214,631	1,911,922	93,809
Welsh Districts	725,879	6,199	57,870	155,208	223,542	231,628	0	51,293	384,637	1,836,256	83,147
Scottish Regions and Islands	3,093,445	355	214,113	42,453	613,702	100	0	0	1,392,945	5,357,113	311,379
Scottish Districts	506,502	95,656	926	128,673	348,377	16,130	0	12,089	1,145,184	2,253,537	49,596
England	60,800,831	224,808	1,513,181	8,131,213	6,080,632	2,043,417	128,447	5,064,085	8,469,919	92,456,533	3,732,550
Wales	2,027,450	6,199	57,870	170,128	601,592	234,378	0	51,293	599,268	3,748,178	176,956
Scotland	3,599,947	96,011	215,039	171,126	962,079	16,230	0	12,089	2,538,129	7,610,650	360,975
Great Britain	66,428,228	327,018	1,786,090	8,472,467	7,644,303	2,294,025	128,447	5,127,467	11,607,316	103,815,361	4,270,481

Section 137/83 Expenditure in 1984-85

TABLE A.4

Capital expenditure (£)

	Economic Development	Town Twinning	Transport Related	Advisory Services	Welfare Services	Environ- mental Schemes	School Milk	Publicity	Unclassified	*Total*
Met. Counties (incl. GLC)	5,608,776	0	28,395	570,700	26,486	183,358	0	300,000	45,632	6,763,347
English Shire Counties	276,872	0	0	0	0	0	0	0	0	276,872
Inner London Boroughs	1,125,954	0	1,000	54,420	71,068	4,229	0	0	91,915	1,348,586
Outer London Boroughs	307,134	0	0	0	0	0	0	0	0	307,134
Met. Districts	4,157,578	0	22,400	2,970	0	124,068	0	0	4,275	4,311,291
English Shire Districts	1,039,124	0	0	22,435	115,187	211,729	0	0	64,513	1,452,988
Welsh Counties	1,034,517	0	0	0	0	0	0	0	0	1,034,517
Welsh Districts	424,510	0	0	0	0	37,127	0	0	34,058	495,695
Scottish Regions and Islands	1,061,626	0	0	0	0	0	0	0	1,174,571	2,236,197
Scottish Districts	198,557	0	0	4,000	0	0	0	0	30,846	233,403
England	12,515,438	0	51,795	650,525	212,741	523,384	0	300,000	206,335	14,460,218
Wales	1,459,027	0	0	0	0	37,127	0	0	34,058	1,530,212
Scotland	1,260,183	0	0	4,000	0	0	0	0	1,205,417	2,469,600
Great Britain	15,234,648	0	51,795	654,525	212,741	560,511	0	300,000	1,445,810	18,460,030

The figures in these tables are based on returns from 436 authorities and are not 'grossed up'.

Section 137/83 Expenditure in 1984-85

TABLE A.5

Total expenditure (revenue and capital) (£)

	Economic Development	Town Twinning	Transport Related	Advisory Services	Welfare Services	Environ- mental Schemes	School Milk	Publicity	Unclassified	*Total*
Met. Counties (incl.GLC)	44,063,864	0	247,287	5,058,647	1,487,017	273,866	4,541	4,535,547	4,263,778	59,934,547
English Shire Counties	10,191,793	0	141,487	57,747	830,170	91,835	0	177,190	118,984	11,609,206
Inner London Boroughs	2,461,537	31,432	17,440	827,664	606,583	67,533	0	295,884	282,064	4,590,137
Outer London Boroughs	564,660	6,263	64,161	64,945	165,039	20,451	0	59,267	454,723	1,399,509
Met. Districts	8,819,425	46,945	77,273	684,717	758,238	335,243	17,632	125,708	1,289,600	12,154,784
English Shire Districts	7,214,990	140,168	1,017,328	2,088,018	2,446,326	1,777,870	106,274	170,489	2,267,105	17,228,568
Welsh Counties	2,336,088	0	0	14,920	378,050	2,750	0	0	214,631	2,946,439
Welsh Districts	1,150,389	6,199	57,870	155,208	223,542	268,755	0	51,293	418,695	2,331,951
Scottish Regions and Islands	4,155,071	355	214,113	42,453	613,702	100	0	0	2,567,516	7,593,310
Scottish Districts	705,059	95,656	926	132,673	348,377	16,130	0	12,089	1,176,030	2,486,940
England	73,316,269	224,808	1,564,976	8,781,738	6,293,373	2,566,801	128,447	5,364,085	8,676,254	106,916,751
Wales	3,486,477	6,199	57,870	170,128	601,592	271,505	0	51,293	633,326	5,278,390
Scotland	4,860,130	96,011	215,039	175,126	962,079	16,230	0	12,089	3,743,546	10,080,250
Great Britain	81,662,876	327,018	1,837,885	9,126,992	7,857,044	2,854,536	128,447	5,427,467	13,053,126	122,275,391

The figures in these tables are based on returns from 436 authorities and are not 'grossed up'.

Section 137/83 Expenditure in 1984-85

TABLE A.6

Grossed-up estimate of total section 137/83 expenditure (£)

	Economic Development	Town Twinning	Transport Related	Advisory Services	Welfare Services	Environ- mental Schemes	School Milk	Publicity	Unclassified	*Total*
Revenue Grants	55,859,553	150,849	767,082	8,661,626	5,163,175	527,754	5,037	986,632	10,558,672	82,680,380
Other Revenue	17,824,740	211,890	1,214,105	736,302	3,316,128	2,016,852	137,440	4,700,917	2,316,530	32,474,905
Total Revenue	73,684,293	362,739	1,981,188	9,397,929	8,479,303	2,544,605	142,477	5,687,549	12,875,202	115,155,285
Total Capital	16,898,754	0	57,453	726,020	235,979	621,737	0	332,769	1,603,738	20,476,450
Total Revenue and Capital	90,583,047	362,739	2,038,640	10,123,948	8,715,282	3,166,342	142,477	6,020,318	14,478,941	135,631,734
% Distribution	66.8	0.3	1.5	7.5	6.4	2.3	0.1	4.4	10.7	100.0

CHAPTER 2

DECISION-MAKING BY LIVERPOOL CITY COUNCIL: SETTING THE RATE 1985-86

Michael Parkinson

This chapter examines the making of a rate and revenue budget by Liverpool city council for the financial year 1985-86. The process ended with the district auditor issuing certificates of surcharge and disqualification to 48 Labour councillors for losses incurred from wilful misconduct as well as the suspension of the Liverpool district Labour party by the national executive committee of the Labour party. However, the decisions by the Labour group on the council that led to that position have to be seen in a rather longer historical context. For example, the delays, conflicts and uncertainty which characterised the setting of a rate that year can be found in many previous years. Also, annual revenue budgets cannot be seen in isolation. Budget decisions taken in one year are affected by decisions taken in immediately preceding years and in turn have a large impact upon decisions which may be taken in succeeding years.

For these reasons, some familiarity with Liverpool's financial politics, problems and processes during the period 1974-84 and their cumulative impact is required in order to understand the events of 1985. It is particularly important to be aware of the arguments that were made, and the decisions that were taken, by the city council in May-July 1984 since these had a crucial effect on the council's financial decision-making in 1985. It is also necessary to appreciate the relationship between Liverpool's revenue and capital budgets. They are closely linked in both a financial and a political sense and cannot be seen in isolation. This paper will discuss these issues, focussing primarily, although not exclusively, on the period from May 1984 to November 1985.

The analysis draws upon a variety of sources including: the "joint report" on Liverpool's financial position produced in June 1984 by civil servants and the city's senior officers; city council and committee resolutions and reports; financial reports from the city treasurer; legal advice from city council senior officers to the council on making a rate; correspondence between the district auditor and the city council; the AMA Stonefrost report; resolutions from the district Labour party and its executive committee. The paper will analyse the respective contribution made by each of these different actors and the relationships between them in the determination of Liverpool city council's budget for the financial year 1985-86. The paper first provides a basic chronology of the period and then an analysis of the principal actors' behaviour and arguments. The paper is based upon public documentary material. In some cases this is supplemented by information gained on a first hand basis by the author.

One general point should be made at this stage. Much of this paper discusses relationships between councillors and their senior professional officers. It finds that the formal relationships between them are acceptable to both sides. However it must not be inferred that this broadly satisfactory relationship would be found in other areas of council decision-making. There have been frequent references in Liverpool to strained relations between the two in other areas of council activities. This paper does not discuss those matters.

1974–83: LIVERPOOL BEFORE LABOUR

Many of the arguments and conflicts about Liverpool's financial affairs derive from the period before the Labour party gained a majority of seats on Liverpool city council in May 1983. Labour's position in 1984 and 1985 can only be understood in the context of increasingly bitter arguments about the city's finances which dominated this earlier period. From the creation of the new Liverpool district council in 1974 until May 1983, no single political party had an absolute majority on the council. Every budget and rate had to be set by a coalition of at least two parties. Throughout the decade there were constant arguments and conflicts between the three parties about the appropriate level of expenditure and rate increases.

In several years budget recommendations which had been agreed by representatives from the parties in the policy and finance committee were rejected by full council. Annual budget meetings were abandoned on several occasions without any budget or rate being set and emergency full council meetings had to be held to get a budget passed. In 1980 because of the three parties' initial failure to agree, the city council only managed to set a rate a few days before the financial year 1980–81 began on 1 April.

There was constant uncertainty about which political party on the council would be able to present a budget and have it successfully implemented. During this decade, in which the Labour party took control of the council committees in four years, it was only responsible for the passage of one budget, in 1980. In 1976–77 Labour ran the authority on the budget it had inherited from the previous Liberal administration, which Labour had opposed as inadequate when it was originally passed. In April 1977, a minority Labour administration presented a budget for the financial year 1977–78 which would have required a rate increase of 40%. But it was unable to get its proposals accepted by the Liberal and Conservative parties who voted for their own budget proposals with lower expenditure and a rate rise of only 20%.

In April 1978, the minority Labour administration again presented proposals for the financial year 1978–79 which would have increased spending and required a rate increase of 20%. The opposition parties again voted together to reject the Labour administration's budget and reduced the rate rise to 14%. Because of this failure and the loss of two seats at the municipal elections in May 1978, Labour, while remaining the largest single party on the council, gave up its control of the chairmanships of council committees in favour of the Liberals. Labour maintained this position until it gained an absolute majority on the council in May 1983. In each year the Liberal and Conservative parties engaged in protracted bargaining during annual council budget meetings which lasted many hours, to produce a rate level below that of the other party. Full council meetings frequently had to be interrupted, and on several occasions actually abandoned, to allow the Liberal and Conservative parties to agree on a budget and rate rise.

Throughout the decade, the Liberal and Conservative parties attempted to restrict council expenditure and limit rate increases. On two occasions they prevented Labour increasing expenditure as much as it wished. The result was that although in 1973–74 Liverpool city council rate level was 45% higher than the

national average, by 1978-79 it was only 1% above. Between 1975 and 1979 the level of rate rises failed even to keep pace with the rate of inflation. Between 1973-74 and 1978-79 Liverpool council's expenditure increased at a significantly slower rate than that of all other local authorities. It also failed to increase in line with central government guidelines during that period.

This pattern of limited spending by Liverpool city council during the late 1970's became crucial to the Labour council's position when it set its budgets and rate levels in 1984 and 1985. It formed the basis of Labour's claim that the new grant system with its target and penalty arrangements, introduced by the Conservative government in 1980 in an effort to reduce all local authority expenditure, imposed an unreasonable burden upon Liverpool. When the Conservative party took control of the government in 1979, central government was providing 62% of the city's net income, and the rates just over 37%. By the time Labour took control of the local authority in 1983, the Government's contribution had fallen to 44% and rates had risen to over 55%. The Labour leaders claimed that Liverpool had limited its expenditure and rate increases more stringently than comparable authorities during the 1970's and was therefore less able than they were to reduce its expenditure at the rate the new government grant regime required in the 1980's.

However, most crucial to the Labour party's behaviour in 1984 and 1985 was that several years before winning control of the council in 1983, it had made a commitment to set a deficit budget. Under this policy, the Labour group would intentionally fail to raise enough income to cover the authority's annual expenditure. In this way it intended to force the government to increase the resources it gave to the local authority so that its revenue budget could be balanced. This had been the official policy of the Liverpool district Labour party since 1981 and it had been formally proposed as an amendment to the budget proposals of the ruling Liberal party by the leader of the Labour group on the council in 1981, 1982 and 1983.

In fact, the proposal to make an unbalanced deficit budget had first been moved in 1980 by a member of the ruling Labour group itself as the first amendment to Labour's own budget proposals. On that occasion, Labour's proposals were put to the full council on 19 March 1980 by the current leader of the Labour group, councillor John Hamilton. They required an increase in the rate level of 50%. However, a large percentage of that rate increase was accounted for not by the need to pay for increased local authority spending, but by the fact that central government's grant contribution to Liverpool had been reduced as government attempted both to reduce local authority expenditure as well as increase the proportion of it sustained by rate, as opposed to tax, payers. A rate increase in the region of 40% would have been required simply to maintain local authority services at existing levels once inflation was taken into account.

However, the first amendment to Labour's proposals came not as was customary from the opposition benches but from a member of the Labour group itself, councillor Derek Hatton, a supporter of the Militant Tendency. It was seconded by another supporter of the Militant Tendency, councillor Julie Lyon-Taylor. They moved:

the motion be not approved and that the matter be referred back to the policy and finance committee for further consideration in the light of the following statements of principle—

That this city council, whilst accepting the budgetary needs of the city, rejects the proposal to raise the money by increasing rates by the amount proposed; that as the responsibility for the plight of the city lies squarely in the lap of the government, this council resolves to:

1. raise rates by 13%—the rate of inflation the government tells us will prevail and the amount necessary to pay for the growth items approved by the performance review and financial control sub-committee;
2. make no cuts or redundancies;
3. unite with the Labour and trade union movement in order to fight for the money needed from the government.¹

Only nine Labour members voted for this proposal to set an unbalanced, deficit budget. Thirty-seven Labour councillors voted against it and the amendment was defeated. In the event, due to the opposition to Labour's proposals of the other parties on the council, the original council meeting had to be abandoned without any budget or rate agreed. But Labour's budget for 1980–81 with a 50% rate increase was eventually passed at a second emergency meeting of the full council on 26 March 1980, only five days before the financial year started.

However, as the proposers of the Militant amendment had predicted, the Labour group suffered severe losses at the municipal elections that were held in May 1980. Labour lost six seats as well control of the council. In the following spring, the annual municipal policy conference of the Liverpool district Labour party formally adopted as policy the principles of the 1980 Militant amendment. Since members of the Labour group are committed to carry out the policies decided by the district Labour party, that policy has remained ever since the policy of the Labour group on the city council. At the annual council budget meeting in March 1981, for example, councillor John Hamilton, leader of the Labour group, proposed an amendment to the Liberal's budget proposals, seconded by councillor Derek Hatton. In part the amendment read:

this council believes that the efforts of a council dedicated to a policy of improving the standard of living, particularly in an area of high unemployment and industrial stagnation, should not have to shoulder the full burden of its efforts by high rate increases which the present government policy imposes on urban areas, such as Liverpool, and believes that additional expenditure required to meet its commitments . . . should be financed directly by government funds. This council pledges itself to make no cuts in jobs, services, not to increase rents and rates to compensate for government cuts; and

That the budget be therefore referred back to the policy and finance committee and

1. that the city treasurer be instructed to prepare a new budget along the following lines:

¹ Minutes of Liverpool city council meeting, 19 March 1980.

No provision will be made for:

- a. the loss from reduced government grants = £6m,
- b. the volume cuts in government expenditure = £6m,
- c. reduction of rate support grant = £2m,
- d. the recent rent increases = £11.8m.

2. the council arrange meetings with the local authority trade unions to prepare for the inevitable confrontation with the government that will arise from these proposals;

3. the council prepare a mass publicity campaign explaining to the people of Liverpool why this line of action is necessary.²

The amendment was defeated. The Labour group in 1982 and 1983, moved variations of that amendment to the Liberal budget proposals but were defeated on both occasions.

1983-84: LABOUR IN OFFICE: THE FIRST YEAR

In the municipal elections of May 1983 the Labour party increased its seats on the council to 51 and gained a large enough majority to implement the unbalanced deficit budget that it had been proposing in opposition for three years. From the spring of 1983 until July 1984, the Liverpool Labour party conducted a major publicity campaign inside and outside the city to convince people that the authority was unfairly treated by the government's grant system and that Liverpool needed more government resources to relieve the burden upon ratepayers, to preserve existing local authority services and to stimulate a depressed local economy by protecting and creating local authority jobs. Throughout its first year of office, the Labour council threatened that it would present a deficit budget at the first opportunity it had in March 1984.

By March 1984, although neither committee nor council had produced any official reports to this effect, public discussion of Liverpool council's intended strategy was such that on 19 March the district auditor wrote to the council under section 15 of the Local Government Finance Act 1982. He wrote that:

For some months there have been persistent reports in both the local and national press suggesting that the council will deliberately make a rate for the financial year commencing on 1 April 1984 which will not be sufficient to meet the council's outgoings for the year. It is not my normal practice to comment on press reports. However, I consider it my duty to do so on this occasion in the absence of any official reports produced to or by the council, and in view of the serious consequences which would result from the reported suggestions. In my opinion the council would clearly be in breach of its legal duty if, in the event, it failed to make an adequate rate.

He reminded the councillors that under Section 2 of the General Rate Act 1967 it was required

² Minutes of Liverpool city council meeting, 18 March 1981.

“to make such rates as will be sufficient to provide for . . . total estimated expenditure to be incurred by the authority during the period in respect of which the rate is made”.

The financial effect of levying an inadequate rate would be that

money would be short from the outset and would eventually run out . . . Where anticipated revenues are insufficient to meet budgeted outgoings therefore, the council will be without funds to maintain services and to pay its employees once balances and temporary borrowing powers against non-rate revenues have been exhausted. There will in short be a serious breakdown.

Making an inadequate rate

would inevitably result in losses to the council and it would be my clear and unavoidable duty to consider whether those losses should be recovered.

The 1982 Local Government Finance Act provided that

where it appears to the auditor that a loss had been incurred or deficiency caused by the wilful misconduct of any person, the auditor shall certify the amount of the loss as due from the person or persons responsible. In addition to this personal financial liability, if those involved are members and the amount exceeds £2,000, certification would also result in disqualification from office.

The district auditor's interpretation of the legal meaning of wilful misconduct was derived from the court decision in *Horabin v BOAC (1952)* that

“to be guilty of wilful misconduct the person concerned must appreciate that he is acting wrongfully, or is wrongfully omitting the act and yet persists in so acting or omitting to act regardless of the consequences, or acts or omits to act with reckless indifference as to what the results may be”.

While not wishing to prejudge circumstances which had not yet arisen, the auditor observed

it would be less than helpful if I were to fail to say at this stage that I should find it difficult to see how the deliberate making of an inadequate rate would be anything other than wilful misconduct.

Members voting for a resolution that resulted in a loss would be responsible for the loss, but members would in his view

also be at risk if a rate was not made because no vote was taken or there was unreasonable delay in making a rate. They would not necessarily absolve themselves from liability by merely abstaining from voting or absenting themselves from meetings.

The auditor concluded

If however those press reports do reflect the intention of the members, I would urge in the strongest possible terms that the proposed course of action would be a clear breach of duty and would not be in the best interests of the council and individual members, its employees or the local community.³

³ District auditor's report to Liverpool city council, 19 March 1984.

In the event, the district auditor did not act against Liverpool city council in 1984 to recoup any losses incurred, even though they did eventually delay in making a rate. But this report was the district auditor's definitive statement of the legal position, which was to become crucial in the events of 1985. The three senior officers of the council on 16 April also presented a report to the councillors explaining their duties and the consequences that might follow if they neglected them, which reinforced the district auditor's advice. (Since that report was represented and elaborated in April 1985, its contents will be discussed later in this Chapter).

However, the Labour group on this occasion did not take the advice of the district auditor or the council's senior officers. On 21 March, for example, the Liverpool district Labour party reaffirmed its commitment not to increase the rates to compensate for cuts in government support to the city. The planned budget for 1984-85 was first revealed to the members of the performance review and financial sub-committee on 26 March 1984. That budget resolution was presented to the full council on 29 March. With many new services planned, the base budget planned for expenditure of £269.1m, £55m more than the government's expenditure target for the city.

In addition, the council had failed during 1983-84 to make many of the economies that had been planned in the budget inherited from the Liberal administration in May 1983. As a result, the council had spent more than the government target of £212m, suffered the penalty of losing government grant and had incurred a deficit in 1983-84 of £34.7m. This deficit had to be added to the 1984-85 base budget. Even if the council used £7.1m of its reserves, it needed to raise income of £296.7m for 1984-85. At that level of spending beyond its target figure, the council would only receive £27.6m in rate support grant from the government, leaving £269.1m to be raised from the rates. However, the Labour group proposed to increase the rates by 9% only, which would produce income of £108.2m. This would leave the council with a shortfall in income of £160.9m. If Labour's proposals were approved, the authority would run out of funds long before the end of the financial year and all the consequences predicted by the district auditor would ensue.

However, Labour's proposals for a deficit budget were not approved by the council. At the 29 March council budget meeting, six members of the Labour group refused to support Labour's proposals. The meeting was abandoned without any budget or rate set. A second emergency council meeting was held on 25 April 1984. However, once again the original Labour proposals were presented and defeated as the six Labour defectors and combined opposition parties voted against them. However, neither opposition party would support any of the alternative budget resolutions proposed by the other and the meeting was abandoned without any agreement. At the end of first month of the financial year 1984-85, the city council had still not set a rate or a budget.

THE 1984 COUNCIL ELECTIONS: AN INCREASED LABOUR MAJORITY

On 5 May 1984 the municipal elections to the city council were held. Despite its failure to present a valid budget or rate, the Labour party increased its representation on the council from 51 to 58. Even if the five original Labour defectors

voted with the opposition parties, Labour now had sufficient votes to guarantee the passage of its deficit budget.

This election victory changed the attitude of national politicians to Liverpool's argument. After interventions by Labour's shadow Environment Secretary, Jack Cunningham MP, the leaders of Liverpool city council and the Secretary of State for the Environment agreed at a meeting in London on 17 May that there should be discussions between officials from the local authority and the Department of the Environment, without politicians present, which might identify ways of resolving the deadlock. The meetings were held in Liverpool throughout May and June 1984. They identified the different views of Liverpool's crisis held by the government and the city and made clear that Liverpool's senior officials believed that in some respects the government's grant regime treated the council unfairly. The discussions significantly affected the course of events in 1984. However, while these negotiations were taking place, the district auditor again wrote to Liverpool city councillors on 7 June. The report drew the council's attention to his report of 19 March which emphasised the legal duty to make an adequate rate. But it also introduced a further argument about the timing of rate making. The district auditor wrote:

Although the General Rate Act 1967 does not specify a time limit for the making of a rate, the Act, as amended by the Local Government Planning and Land Act 1980, extends to certain ratepayers a right to pay their rates by 10 monthly instalments. I am advised by leading counsel that the effect of this is that if the council fail to levy a rate by 20 June ratepayers will be unable to take advantage of their statutory right to discharge their rate liability by 10 instalments in the financial year, and an irrecoverable loss will be incurred and will continue to be incurred.

If the council delays making a rate beyond 20 June it will not be possible to deliver to instalment payers a valid statement of instalments payable as required by the General Rate Act 1967 as amended. Where a defective statement is delivered the rate is not recoverable by normal rate recovery process and recovery of any unpaid rates from instalment payers cannot be commenced until the end of the financial year.

This will deny the council the use of up to £30m of rate instalment collections until recovery action succeeds in the following financial year.

Instalment losses will clearly arise in these circumstances and I propose to commence action under s.20 Local Government Finance Act 1982 to recover such losses from the members responsible for incurring them by their failure to levy an adequate rate by 20 June.⁴

THE FINANCIAL ARGUMENTS: THE JOINT REPORT

In fact the council did not make a rate until 11 July 1984, after the discussions between officials had produced their 'joint report'. This report identified Liverpool's requests for financial help from the government. It also outlined Liverpool council officials' argument that the government's grant system contributed substantially to the council's difficulties in making a budget. They had

⁴ Letter from the district auditor to Liverpool city council, 7 June 1984.

three main objections to the grant system. The first concerned the loss of population and the effect that had on the city's grant. They argued the city had suffered because for over twenty years its grant had fallen as a result of loss of population. But its need to spend on the remaining population had not fallen at the same rate. Council officials second argument was that the target system, which the government introduced to 1981-82, required all local authorities to cut their expenditure back from their 1978-79 levels. But this neglected the fact that Liverpool had restricted its spending more than other authorities between 1974 and 1979. The city officials argued that if its targets had been calculated on the basis of expenditure by all metropolitan district councils over the whole decade 1974-1984, its target in 1984-85 would have been £243.8m as opposed to £212m. That would have eased its financial burdens enormously.

The city officials also argued that "flaws and inequities" in the grant calculation system had had a "serious cumulative financial effect" upon the council's finances. In their view this explained why the government's estimate of the city's need to spend had only increased by 8.5% since 1981-82, but that of all other metropolitan districts had increased by 14%. Officials calculated that the "increasingly severe loss of grant" since the original grant settlement of 1979-80 meant that in five years to 1983-84, the city had lost £116m. Officials argued that all those issues should be dealt with in the 1985-86 grant settlement for the council.

The officials of the Department of the Environment rejected Liverpool's arguments. In their view the city's claims rested on the assumption that grant levels should remain at levels decided by a previous government whereas government policy had since changed. Liverpool had not been treated unfairly. All authorities had experienced grant reductions. The fact that Liverpool's share of grant had fallen was not evidence of discrimination. The city's circumstances had changed. Liverpool's only true loss of grant derived from the fact that it had consciously spent above government targets and had suffered penalties.

Clearly, there was little agreement between the two sides as to the origins of the council's long term financial problems. But the "joint report" did produce a greater measure of agreement about issues which could be considered and steps which could be taken to resolve the immediate financial problem which eventually became the basis of the settlement in 1984. The council was mainly looking for extra money. The government was mainly seeking reductions in the council's budget. The council sought extra help from the government in four areas: exemption from grant penalties for certain kinds of council expenditure; extra aid from the urban programme; increased government resources for its housing programme; relief from interest paid on housing debt for properties which had been demolished.

The government suggested the council could reduce its planned expenditure and eliminate the deficit in a variety of ways. It could abandon all new spending proposals; reschedule its capital debt payments; use all of its financial reserves; increase its rents and fees; sell off parts of the corporate assets, and reduce its salary bill with a natural wastage, voluntary redundancy and early retirement policy.

Most important, civil servants argued that the city's revenue budget could be reduced by over £13m if the council would use some of the resources it was planning to spend on its house building programme to pay for the salaries of some of its employees in its revenue budget. As we shall see, this particular proposal was absolutely crucial to the resolution of the financial crisis in 1984, as well as to its eventual reappearance and resolution again in 1985. And it guaranteed that the council's budget for its long term capital programme became financially and politically intertwined with its annual revenue budget. Government officials calculated that if all those measures were implemented, a balanced budget could be achieved with a rate increase of between 37 and 71%.

These discussions identified the basis of a financial solution in 1984. On July 11 1984 the Labour council proposed a new balanced budget with a valid rate rise. The council made many concessions to the government and adopted many of their proposals, especially by using £13m of its receipts from house sales, etc to cover expenditure usually born by the revenue account. The council also made very optimistic assumptions about future rates of inflation and the potential costs of a number of programmes which allowed it to reduce its planned expenditure for 1984–85 from £269m. to £223m. The council did not, however, increase its rents or fees. It made little effort to reduce its workforce and hence its salary bills. And it only adopted a very modest rate increase of 17%, which was more than the 9% in its original March deficit budget, but significantly less than that which the government officials calculated was necessary to get the council's finances on a sound long term basis.

Despite balancing the budget, in the words of the budget resolution, the council still refused "to impose increases in rates, rents and charges to compensate for government cuts in grants". In other words the council achieved a balanced budget for 1984–85 mainly by creative accounting rather than by increasing its long term income or reducing its long term expenditure and costs. This inevitably meant that the council's underlying financial problems were postponed rather than resolved and were almost certain to emerge in a similar form in the next financial year. That is what did indeed happen in 1985.

THE CAPITAL BUDGET: SOURCE OF CONTROVERSY

There was a further reason why the council returned to its deficit budget strategy in 1985. In November 1984, there was a major disagreement between the council and the government about the offers which the Secretary of State made to the council on 29 June. This disagreement led the council back to its deficit budget strategy. We have seen that the council made many concessions to the government and many changes in its original deficit budget of March 1984 to achieve a balanced budget for 1984–85. But the government also made some concessions to the council in granting some of the requests for financial aid it had made in the "joint report". In a letter to the leader of the council written on 29 June, the Secretary of State for the Environment offered to exercise some "marginal flexibility" in his programmes and made several offers of financial aid which added up to £8.6m in relief for the council's revenue budget in 1984–85. That figure would cut the council's grant penalty for spending over target by £12m. In this way the extra aid from the government reduced the council's revenue expenditure for 1984–85 by just over £20m.

However, the key to achieving a balanced budget in 1984–5 was the council's decision to capitalise £13m. But the council only did so because in his letter of 29 June the Secretary of State offered to help the council in future years if it did use some of those housing resources to balance its revenue budget in 1984–5. The Secretary of State wrote to councillor John Hamilton

I well understand that a decision by your council to allow the capitalisation of expenditure previously charged to revenue, thereby easing revenue commitments in 1984–5, will be influenced by the effect this might have on your capital resources in future years.

That is, Patrick Jenkin accepted that if the council used £13.6m of its capital allowance to pay the salaries of local authority workers who repaired existing council houses which was charged to the council's revenue budget, it would have £13.6m less with which to build new houses. The Secretary of State continued:

I know you appreciate that the capital allocations to individual authorities will eventually be determined in the light of the government's overall public expenditure plans and that decisions for 1985–86 have yet to be taken. You will also recognise that I must distribute resources between authorities on an equitable basis.

There is no disagreement between us about the scale of the problems you face, especially in relation to your housing stock where we agree that improving the quality of management and maintenance is essential if better value is to be secured for the substantial sums of money spent. I also pressed you to use all available resources, not just those of the authority, in tackling Liverpool's undoubted problems. The private sector has much to offer; and the enthusiasm and resourcefulness of the housing associations and the local communities you serve are also there to be tapped. I urge you to make the fullest use of these opportunities. Our officials are continuing to discuss ways in which both housing and urban programme resources can best be applied to help in this, and I very much hope we can develop an effective and constructive partnership to tackle the needs of the people of Liverpool.

Against that background, and bearing in mind the constraints set out in the two preceding paragraphs of this letter, I can give you an assurance that I do my very best to ensure that allocations to Liverpool next year under the housing investment programme and the urban programme, taken together, will enable the council to make positive progress in dealing with the city's severe needs, having regard to the scale of your capital commitments and the resources (including possible proceeds of sales of council dwellings and freeholds) available to you.⁵

Liverpool council read the Secretary of State's letter as implying that if it balanced its revenue budget for 1984–85 by using its housing allowance to pay for repairs, he would ensure that this would not limit its resources and ability to maintain its capital programme and build new houses the following year.

⁵ Letter from the Secretary of State for the Environment to the leader of Liverpool city council, 29 June 1984.

The letter was discussed at a meeting between the council leaders and Patrick Jenkin in London on 9 July. The details were presented that evening to the executive committee and then to the full Liverpool district Labour party. The district party endorsed the executive committee's resolution, in view of the terms of the letter, to present a balanced revenue budget. The Labour group on the council in turn accepted the proposals and they were endorsed by the council at its meeting on 11 July 1984.

The Labour group made a series of adjustments to the revenue budget which allowed the council to sustain expenditure of £223m in 1984–85 with only a 17% increase in domestic rates. However, the chairman of the policy and finance committee announced that the adjustments had been made to the original deficit budget in March on the assumption that there would be continuing discussions with the government about the council's objections to the grant system identified in the "joint report" and especially increased government resources for the city's capital budget in 1985–86. If those increased resources were not forthcoming, he indicated that those adjustments, and in particular the decision to capitalise housing repairs, would be reversed during the course of the year and the revenue budget would become unbalanced once again.

Virtually all the city council's financial decisions during 1984–85, as well as its proposed budget for 1985–86, rested upon interpretations of the offers of aid that were made by the Minister on 29 June. Almost immediately after the council had approved a balanced budget on 11 July, differences in interpretation began to emerge, which threatened the reversal of the July budget decisions. For example on 22 July the Department of the Environment announced the expenditure target figure for Liverpool city council for the financial year 1985–86. It was £222m, an increase of £6m over the previous year but in real financial terms it represented a decrease. The leader of the city council, John Hamilton, announced he was "shocked and disappointed" that the council's objections to the target system outlined in the "joint report" had been ignored by the government. Unless there was a change in the settlement, the leader argued "we will be back at square one and challenging him again next year".⁶

By November 1984 it had also become clear that the two sides were in fundamental disagreement about the scale of the offer made by the Secretary of State on the council's capital programme for 1985–86. On 5 November representatives from the city council and the Merseyside Task Force, which coordinated the policies of government departments in the region and was responsible to the Secretary of State for the Environment, met to discuss the council's housing investment programme for 1985–86. But the meeting had to be abandoned when the chairman of the policy and finance committee insisted upon imposing conditions upon those discussions which the government officials had to reject.

These were made clear in a letter from the director of Task Force to the chief executive of the city council on 16 November. This stated:

Your council was unwilling to proceed with the meeting without a prior commitment from the Department that the resources would be made available to the city to accommodate a capital programme for 1985–86 of £130m,

⁶ Reported in *Liverpool Echo*, 22 July 1984.

of which the HIP would be in the order of £110m. This was said by councillor Byrne to be in line with a promise made by the Secretary of State during the discussions he had with members of your council in July of this year.

I have now consulted not only the Secretary of State himself but also those of my official colleagues who were at the relevant meetings. I can only repeat what I said at our 5 November meeting, namely that the Secretary of State made no such promise. His own recollection of the meetings is quite clear, and I have had the record checked yet again; no reasonable interpretation of anything said then could support your allegation. Indeed the Secretary of State emphasised more than once that he could give no firm commitment for 1985–86 at that stage. His letter of 29 June to the leader of the council sets out the context in which his offer to help your council in tackling the problems of Liverpool was made, and in that context the offer still stands.⁷

This disagreement led the chairman of the performance review and financial control sub-committee, councillor Bryne, to reopen the basis of the July 1984 settlement. On 28 November, the city treasurer produced a report for that sub-committee indicating that "In the light of the letter" the chairman had asked him

to report upon the implications for the 1984–85 and 1985–86 budgets of

- (a) the various decisions taken at the time the 1984–85 budget was made,
- (b) various possibilities that may have to be taken into account when formulating the budget for 1985–86,
- (c) the effect of reversing decisions on the capitalisation of expenditure on repair and maintenance and on the utilisation of funds.⁸

We have seen that the July budget reorganised the original deficit budget primarily by creative accounting. The city treasurer's report pointed out that:

It was clear at the time of the budget, and indeed had been spelled out in the joint report and accepted by the Secretary of State, that a number of the actions then taken served only to postpone the impact of the inherent problems, or depended for their realisation upon the outcome of the continuing discussions with central government and subsequent decisions favourable to the city.⁹

However, the city's expenditure target figure and its capital programme allowance for 1985–86 indicated the outcome had not been "favourable to the city." His report observed that:

If decisions, both explicit and implicit, about the capitalisation of repairs and maintenance work and about the use of funds were reversed, the effects ... could at the maximum, lead to net expenditure of £278.4m in 1985–6 with a deficit of £96.1m on the operation of the current year. At this level of expenditure in 1985–86, all entitlement to Rate Support Grant would be

⁷ Letter from the director of the Merseyside Task Force to the chief executive of Liverpool city council, 16 November 1984.

⁸ City treasurer's report on the revenue budget 1984–85, 28 November 1984.

⁹ *ibid.*

wiped out by the penalty provisions, and the increase in the rate for city services would be something over 220%.¹⁰

The treasurer's report indicated, however, that the problem could be reduced if the government would accept some of the arguments about the grant system put forward by the city council. The government could revise upwards the city's expenditure target figure which could bring the city an extra £60.1m in rate support grants. It could exempt certain categories of the council's expenditure from grant penalty which could bring the city an extra £53.6m. It could increase urban programme support for the council to bring it an extra £28.8m. The final point of the treasurer's report was the crucial one. It concerned the capitalisation of housing repairs and maintenance. The treasurer observed that:

The argument against it which was rehearsed in the joint report is that it does not reduce expenditure—merely postpones it. Furthermore, since the capitalisation counts against a restricted capital expenditure limit, it constrains the ability of the authority to incur expenditure on more substantial works of a capital nature. Whilst not minimising the former argument, an increased capital allocation means that a capitalisation decision does not prejudice needed capital expenditure of a more substantial nature. If such an increase in capital allocation enabled the authority to accept the deferred expenditure implications it could mean a reduction of £62m in the 1985–86 rate call.¹¹

In other words, the treasurer's report was making clear that the council could create major financial problems for itself if it reversed decisions taken in July because promises of government help had since proved inadequate.

The performance review and financial control sub-committee considered the treasurer's report at its 28 November meeting and recorded its view that the Secretary of State had been in breach of agreements; the policies on which the Labour party had been elected to power should be maintained; the demand to receive more resources from central government should be continued and meetings should be sought with the Secretary of State.¹² But the government had already indicated its unwillingness to meet the scale of the city's request for 1985–86 on either the revenue or capital front. By November 1984 both the city council and the government had adopted positions on the city's finances which made a confrontation virtually inevitable.

This was confirmed by the reports of the city treasurer to the performance review and financial control sub-committee on the revenue budget for 1984–85. His August and September reviews had indicated that the budget was on target for expenditure agreed by the city council in July. But the October report pointed out that "This month's forecast of the final outturn shows a marked change from the previous forecast."¹³ The treasurer was predicting an overspend of £4.8m which, once grant penalties were added, would leave the city with a deficit at the end of the financial year of £14.2m.

¹⁰ *ibid.*

¹¹ *ibid.*

¹² Minutes of the performance review and financial control sub-committee, 28 November 1984.

¹³ City treasurer's report on the revenue budget 1984–85, 16 October 1984.

This predicted shortfall led the district auditor to write to the city councillors once again, reminding them that it was

important that budget predictions are accurate and achievable, if a deficit which will affect the level of the subsequent year's rate is to be avoided. At their budget meeting for the current year the council had to take into account a deficit from the previous year of some £5m and will be aware of the problems they then faced. If the present predictions are accurate the deficit to be considered for the rate requirement for the year commencing 1 April 1985 will be almost treble that sum and will seriously restrict the council's budget options.

However some four months only of the current financial year remain in which the council can act to contain expenditure within the original budget. Unless a determined effort is made now to achieve the budget intentions for the current year it is clear that the rate making process in the coming year will commence with the council in a seriously disadvantaged position. They are asked to review as a matter of urgency their achievements against budget expectations and to take corrective action.¹⁴

But the council did not take immediate corrective action. The treasurer's report of 5 December revealed a predicted deficit of £17.9m at the end of 1984-85. The position on the capital side showed an increase in spending commitments for 1985-6 of £11.6m during the month of November. The treasurer reported that:

the present commitment to expenditure in 1985-6 exceeds the level which could be supported by block allocations at this year's level and the use of available capital receipts. Some £11 million of expenditure would need to be financed either through additional capital allocations or in some other way.¹⁵

The report did not indicate how this might be achieved.

The treasurer's report of 16 January revealed the predicted deficit on the revenue budget had grown to £25.4m. On the capital budget, the council had signed contracts for work to the value of £96.9m for the following year 1985-86 but it only had capital resources of £64.6m., leaving a shortfall of £32.3m. The report merely noted that alternative ways of raising income or deferring expenditure were being explored.

The treasurer's report of 13 February indicated that the predicted revenue deficit had been reduced to £20.7m by creative accounting. The council's financial reserves had been used in 1984-85 rather than 1983-84 which reduced the size of grant penalty the council incurred. Planned expenditure remained broadly the same. The capital budget for 1985-86 remained "virtually unchanged." The treasurer noted that "The examination of alternative means of financing elements of the 1985-86 approved programme is proceeding as a matter of urgency." His report did not "at this stage reflect any anticipation of the outcome."¹⁶

¹⁴ Report from the district auditor to Liverpool city council, 28 November 1984.

¹⁵ City treasurer's report on the revenue budget 1984-85, 5 December 1984.

¹⁶ City treasurer's report on the revenue budget 1984-85, 13 February 1985.

By this point the government had become very concerned at this potential deficit on the council's capital budget. On 8 February the Department of the Environment wrote a letter to the chief executive informing him that, in view of the treasurer's reports,

the Secretary of State is of the opinion that the city council is likely to fail to fulfil the requirements of section 72 of the Local Government, Planning and Land Act 1980 for the year beginning 1 April 1985 and he is therefore minded to issue a direction under Section 78 of the Act to the council. Before taking a decision, he wishes to give the city council the opportunity to comment and in particular to make representations if it so wishes that a direction would be unnecessary because the city council is able to comply with Section 78 of the Act and intends to do so, or that a direction would be otherwise inappropriate.¹⁷

Section 78 provided that if the council had insufficient resources to meet its planned capital expenditure, all new contracts and spending over the government's prescribed expenditure limit needed to be approved by the Secretary of State. The council was given 14 days to reply.

The council's reply came in a report of the city treasurer on 21 February, the last of the fourteen allowed days. The report revealed that the council had finalised an agreement with an international banking syndicate in which the council had sold their interest in £30m worth of mortgages they held on former local authority housing that had in recent years been sold to the sitting tenants. The syndicate had made a single payment to the council which it intended to call a capital receipt and use 30% of it—£9m—to pay for its capital programme, increasing its income from £64m to £73m.

The treasurer then argued that since the council rarely reached its planned capital expenditure, but underspent by 10%, it was legitimate to deduct that percentage from the 1985–86 total of £97.1m. The report next argued that £11m of its capital programme was not new building, but repairs to existing property, and hence was immune from the "prescribed limits" the Secretary of State could place on the council's use of its accumulated capital receipts. In this way the council indicated that it had increased its income to £73m and reduced its expenditure which the government could legitimately control to a similar figure.¹⁸

Since the council was also exploring other ways of raising income, such as selling off other mortgages or deferring payments to contractors, the chief executive in his written reply to the DOE argued "the council is confident that the Secretary of State has no grounds for taking the action under section 78 of the Act."¹⁹ The council also made these discussions the opportunity to repeat their request for a meeting with the Secretary of State to discuss their capital allocation. On 8 March the chief executive wrote to the DOE reminding them that the council had requested a meeting with the Secretary of State in November 1984 to reinforce its

¹⁷ Letter from the Department of the Environment to the chief executive of Liverpool city council, 8 February 1985.

¹⁸ City treasurer's report on the city council's capital programme 1985–86, 21 February 1985.

¹⁹ Letter from the chief executive of Liverpool city council to the Secretary of State, 21 February 1985.

case for increased capital resources. However, the Department of the Environment refused to meet. It replied on 11 March pointing out that "The council sought, amongst other things, £59 million additional housing allocations. In his reply of 19 December, the Secretary of State made it clear that he could see no basis for a meeting with the council on the terms it proposed. His view has not subsequently changed."²⁰

The Secretary of State indicated he was "doubtful whether the council has the power to do what it is suggesting." His concerns were made clear in a letter from the DOE to the council on 1 March. This pointed out that the Secretary of State would need to be satisfied that:

- a. local authorities have the powers to dispose of mortgages in this way (as opposed to the well established refinancing of mortgage debt, by way of repayment and remortgage by building societies and other lending institutions);
- b. the particular arrangement proposed by the city council would give rise to a capital receipt under Part VIII of the 1980 Act;
- c. the authority has the power to continue to manage the mortgages on behalf of the new mortgagee;
- d. the appropriate prescribed proportion for 1985–86 would be 30% rather than, in our view, 20%.²¹

However, on 1 April the Secretary of State wrote to the council advising them that he accepted their representation and would not be issuing a Section 78 order. The Secretary of State explained his position to Parliament on 25 July 1985. It was, he said, "obviously wrong when mortgages are transferred to a bank or other institutions en bloc without the consent of the individual borrowers. In many cases, the risk is not transferred to the new lender. Such transactions are artificial and have been entered into only to circumvent the capital controls approved by the House." However, despite the fact that "Many people both inside the and outside the House, were taken aback by Liverpool city council's transaction with the Banque Parisbas, he had approved the arrangement because there were "conflicting views about the legality of the procedure." However the government intended to legislate as soon as possible "to make the position absolutely clear." In future, local authority mortgagees would be given the right to approve or reject such arrangements and "a transfer without consent would be invalid."²² The government asked the House to give immediate retrospective effect to this change.

The Secretary of State's decision to approve the council's transaction in April was vital. It meant that the council could maintain a large capital, especially a house building, programme despite the fact that the Secretary of State had not increased its capital allocation in the way the council claimed had been promised on 29 June 1984. It had equal importance for the 1984–85 revenue budget.

²⁰ Letter from the Department of the Environment to the chief executive of Liverpool city council, 11 March 1985.

²¹ *ibid.*

²² Hansard, 25 July 1985.

As we have seen, that revenue budget was balanced in July 1984 by council decisions to use future capital allocations to pay for revenue expenditure, despite the objections outlined in the treasurer's November 1984 report that this would limit house building in future years. The use of capital receipts from the mortgage sales meant that the council could sustain its capital programme despite having used some of its 1985–86 capital allocation to balance the 1984–85 revenue budget. This made it less likely that the council would reverse those decisions that had been taken in July 1984 and unbalance the budget once again, as the treasurer's November 1984 report had implied was possible. The transaction secured the legality of the 1984–85 revenue budget.

PLANNING THE REVENUE BUDGET: 1985–86.

However, by the time these discussions on the capital programme with their implications for the 1984–85 revenue budget had been concluded, the council was involved in decision-making about the revenue budget for 1985–86. On 20 February the policy and finance committee recommended the city council meet on 7 March "to consider the financial situation facing the council in 1985–6." Labour's resolution at that council meeting rehearsed the platform on which the Labour party had been elected to office, attacked the impact of the "Tory government's monetarist policies" upon Liverpool, condemned the record of the Liberal party when it had run the council. The resolution continued:

(iv.) this council requires a budget of £265.4 million but, with a target of only £222.1 million—representing another £90 million stolen from the city on grant penalty—this council considers it will be impossible to set a rate. The council therefore calls upon the Secretary of State to—

- (a) remove the meaningless and arbitrary targets;
- (b) remove the deliberately punitive penalties;
- (c) establish a realistic level of Rate Support Grant—the minimum being that which was offered in 1979; and
- (d) establish a level of Housing Environmental and Partnership allocations commensurate with the needs of Liverpool; and
- (v) in particular, this council demands the return of the resources stolen by the Tory government since 1979, viz:
 - (a) £170 million in Rate Support Grant;
 - (b) £24 million from Further Education;
 - (c) £69 million in Housing subsidy; and
 - (d) £96 million in the Housing Investment Programme.²³

The council endorsed Labour's resolution and rejected resolutions from opposition members that the process of preparing estimates for council committees should begin and the council should meet to consider those estimates and fix a rate. In other words, along with a number of other Labour controlled local authorities, the council was intending to refuse to set a rate until the Secretary of

²³ Minutes of the policy and finance committee meeting, 20 February 1985.

State would reconsider the level of rate support grant the government was providing them.

The chief executive wrote to the Secretary of State informing him of the council's resolution on 12 March. On 19 March he received a letter from the Secretary of State's private secretary with a copy of a written answer from the Minister to an MP concerning the authorities who had refused to fix a rate. It said there was "no question of the government reconsidering . . . the Rate Support Grant settlement for 1985-86 all of which Parliament has approved. There will be no 'negotiations'." Indeed, where an authority had not made a rate the Minister had been advised that:

the following payments should not be made—because the rates to which they relate are not being paid—rent rebate subsidy; compensation to local authorities for loss of rate income in Enterprise Zones; and contributions in lieu of rates on Crown and diplomatic properties. Authorities will not therefore begin to receive these payments until they fix their rates.

Finally, I should remind all councillors that if a failure to rate leads to a loss or deficiency and the auditor considers that this results from wilful misconduct, then those responsible may be surcharged. If the total loss amounts to more than £2,000, disqualification follows automatically. In the light of the statements that have been made by certain councillors about their intention to break the law, I have no doubt that auditors will be watching developments very closely.²⁴

At a meeting of the policy and finance committee on 26 March, however, members were told that the chairman and deputy chairman of the committee had resolved "in view of the present situation regarding discussions with the Secretary of State that the city treasurer be requested to prepare summaries of committees' income and expenditure prior to a special meeting of the performance review and financial control sub-committee to be held on the 16 April, 1985 to consider the Budget for 1985-6." The policy and finance committee then resolved that the sub-committee be empowered "to make recommendations directly to the council . . . as to the making of a rate for the financial year 1985-6." The committee also resolved that since "chief officers will have no authority to incur expenditure" an emergency sub-committee of leader and deputy leader of the council and chairman and deputy chairman of the performance review and financial control sub-committee be created "to consider and determine requests by chief officers to incur expenditure only to the extent that such expenditure is essential for maintaining support for essential services."²⁵

The council approved these committee proceedings on 4 April 1985. Opposition proposals that standing orders be suspended and that the city treasurer prepare a budget which should be considered by the city council within 21 days were rejected. The 1985-86 budget was next considered at a special meeting of the performance review and financial control sub-committee on 16 April 1985. That meeting considered amongst other matters a budget report of the city treasurer and summaries of committees income and expenditure which placed a figure of

²⁴ Letter from the Secretary of State to the chief executive of Liverpool city council, 19 March 1985.

²⁵ Minutes of the policy and finance committee meeting, 26 March 1985.

£265m on the revenue budget for 1985–86; a joint report from the chief executive, city solicitor, and city treasurer relating to the rate for 1985–86; and a report from the district auditor on the making of a rate.

The sub-committee considered all these reports and approved much of the council resolution of 7 March in particular that calling for the Secretary of State to reconsider the level of the council's grant settlement. Opposition proposals that "a special meeting of the city council be called within a period of 10 days to determine the city council's budget and to fix a rate" were rejected. These decisions were confirmed by the policy and finance committee on 7 May. Opposition proposals that "the chairman of this committee submit proposals to the next meeting of the city council to enable the council to fix a rate" were defeated. The city council confirmed all these decisions on 21 May 1985.

THE LEGAL POSITION: THE OFFICERS' ADVICE.

The reports of the council's senior officers and the district auditor which had been considered on 16 April had addressed themselves to similar issues. The district auditor's report of 10 April referred back to the reports he had sent in the previous year and argued "a rate should be made at a very early date. That rate needs to be matched with plans to operate within available resources."²⁶

The report of the chief officers repeated and updated the advice they had given in April 1984. It was a crucial document and bore very strongly on the council's final decision about the timing of rate making in 1985. The report set out "the legal requirements regarding making a rate, together with a review of the statutory and common law provisions relating to the level of the rate, the failure to make a proper rate, and the practical consequences thereof." The discussion of statutory provisions focussed on the council members' legal obligation to make an adequate rate, the inability to levy a supplementary rate, the powers of the district auditor, the Secretary of State, bondholders and stockholders, and rate-payers to take action against it if the council failed to do so and the legal, financial and practical consequences for individual members and the council itself if such action were taken against them. In many respects the officers confirmed the advice given to the council by the district auditor in April 1984 about the level of the rate the council should levy.

The crucial part of the senior officers' advice dealt with a delay in making a rate. They pointed out that:

Despite the absence of a statutory time limit the over-riding consideration is that a council must act reasonably. The terms of the General Rate Act are so clearly mandatory that it would be wilful misconduct on the part of any councillor deliberately and knowingly to cause the council not to make a rate reasonably sufficient to provide for the estimated expenditure to be incurred.

A recent court decision had confirmed that a council need not make a rate by 1 April "but there must be reasonable grounds for deferment."²⁷

²⁶ District auditor's report to Liverpool city council, 10 April 1985.

²⁷ Joint report of the chief executive, city solicitor and city treasurer on the general rate 1985–86 to Liverpool city council, 16 April 1985.

An additional factor was that ratepayers had a statutory right to pay their rate by ten monthly instalments and the council should bear that right in mind when timing the fixing of a rate. The officers pointed out that:

If the council fails to levy a rate in time for the requisite notices to be served by the 20 June, some ratepayers will be unable to take advantage of their statutory rights. It was the opinion of the district auditor last year that an irrecoverable and immediate loss would be incurred and would continue to be incurred. That point has not, however, so far been tested.

Last year the council did not make a rate until mid-July. The circumstances were, however, rather different from the current situation in that the council had resolved on the 7 March 1984 that a special budget meeting of the performance review and financial control sub-committee be held on the 26 March 1984 and a special council meeting be held on the 29 March 1984.

Moreover, extensive negotiations between the government and the council were taking place and the government was apparently willing to negotiate and assist. It could therefore be strongly argued that last year there was a good reason for delay.

The officers also pointed out that delay in making a rate could affect the receipt of government grant.

At present, the Secretary of State is making payments of rate support grant based upon target expenditure. He has, however, already announced that payments in respect of rate rebates and disabled persons rate rebates will not be made pending the making of a rate. Such payments amount to £2.5 million per month in the current year. Added to this a delay of more than a few weeks in making a rate would lead to an increase in interest charges paid for borrowing to meet expenditure pending the making and collection of the rate.

However, the officers' view was that since:

The bulk of rate income is received by way of payments in July and November . . . It is not anticipated that a short delay in the issue of rate bills would affect such payments. They also pointed out that as a result of the delay in making the rate in the current year the instalment payments run through until May in respect of the 1984-85 rate. It would not be considered practical to overlap the instalments for 1985-86 with those outstanding for the current year and in consequence the instalments would not be scheduled to commence until June. The instalment payments would be the first significant amount of rate income to be affected by any delay in fixing a rate. When this took effect the estimated cost to the authority would be some £100,000 for each week of delay initially, but if the delay was protracted and more substantial payments were affected the cost could rise to £200,000 for each week of delay.²⁸

The council officers' views about the timing of the rate making became a crucial part of the council's later dispute with the district auditor.

²⁸ *ibid.*

On 21 May 1985 the district auditor wrote to every councillor again advising them:

By its continued failure to make a rate the council and individual members have placed themselves seriously at risk. Action by me under section 20 Local Government Finance Act 1982, does not have to await the annual audit. I must now give the council notice that unless it makes a lawful rate at the earliest opportunity and in any event before the end of May I shall forthwith commence action under section 20 to recover losses occasioned by the failure to make a rate from the members responsible for incurring them . . . Yet again and for the last time I urge the council most strongly to comply with its statutory duty to make a lawful rate and to do so with the utmost speed.²⁹

LABOUR DECIDES A BUDGET.

The chairman of the policy and finance committee was reported in the press as saying there was no question of the council fixing a rate by 1 June. However, on 10 June an extraordinary meeting of the city council was requisitioned by five Labour members to be held on 14 June which did receive budget proposals from the Labour group. The broad outlines of that budget were, however, determined at a special meeting of the Liverpool district Labour party and its executive committee which had taken place on 12 June. The executive committee met first and its minutes recorded that the leader of the council group advised that "we had now received letters from the district auditors and we were approaching the time when the 10 monthly instalments rule was important. Clearly it was important to take action now."³⁰ The chairman of finance and strategy, councillor Byrne reported to the executive committee "that he could produce a 9% deficit budget. No other budget within our policies was possible."³¹

The meeting agreed to propose a deficit budget to the district Labour party meeting that was to follow immediately. That resolution from the executive committee ran in part as follows:

This meeting of the Liverpool district Labour party calls upon Labour councillors to defend jobs, services and programmes in the city council and to refuse to raise rents or rates to compensate for government cuts.

We call upon the government to return to Liverpool, and other local authorities, the money stolen from them by vicious cuts.

We believe there is no legal budget that could be presented that would not involve large rate increases or cuts and therefore instruct councillors to move a rate increase of 9% and further demand the government meet the shortfall of £117m.

We recognise also that the courts have been used by this government against the trade unions, against the miners, and may be used against our councillors. We utterly reject the use of the courts against councillors fighting to defend jobs and services.

²⁹ District auditor's report to Liverpool city council, 21 May 1985.

³⁰ Minutes of the executive committee meeting of the Liverpool district Labour party, 12 June 1985.

³¹ *ibid.*

We demand, in the light of resolutions agreed at Labour party conference the full and unequivocal support from the leaders of the national Labour party.³²

The resolution was accepted virtually unanimously by the district party. The Labour group of councillors met immediately afterwards and agreed unanimously to accept the resolution. The Labour motion placed before the council on 14 June reflected the spirit of the district Labour party resolution. It repeated at length the content of resolutions of July 1984 and March 1985 including: Labour's claim to have a mandate from the electorate "to refuse to impose increase in Rates, Rents and Charges to compensate for government cuts in grants"; attacks upon the "devastation" brought to Liverpool by "Tory government monetarist policies"; attacks upon the policies of earlier Liberal councils; calls for the removal of targets, penalties and realistic levels of grant support.

The motion also made clear that

"the budget deliberations are taking place following the Secretary of State failing to honour the agreement reached on the 9 July 1984 arising out of the joint report of his officers and officers of this council upon which the 1984-85 budget was based, viz:

- (a) a capital allocation of £130 million which enabled the decision on capitalisation to be made;
- (b) ongoing discussions to be held upon the scale of the Partnership programme allocations, on Rate Support Grant and on targets and disregards; and
- (c) the letter from the Merseyside Task Force on the 21 February 1985 which advised the council that £2.5 million granted as part of the settlement was being withdrawn in 1985-86." The motion demanded that the July agreement be "honoured in full."³³

The motion recognised the council would need to spend £265m in 1985-86. Once rate support grant of £29m had been taken into account, the city would need to raise £241m to pay for city services but it intended to raise only £125m from the rates. This would leave a shortfall of £117m. £88m of that figure was accounted for by the council incurring penalty and reduced rate support grant for spending beyond its expenditure target figure. If it were not for the operation of penalties the real shortfall would be £29m. The resolution hence argued that "a rate increase of 9% be approved and the difference of £29 million be made up by the return of grant monies stolen from the people of Liverpool by the Tory government since 1979."³⁴

Before the resolution was voted upon the city solicitor reminded the council of the contents of the April report of the chief officers and the consequences of making an inadequate rate, pointing out that the rate level would be potentially

³² *ibid.*

³³ Minutes of Liverpool city council meeting, 14 June 1985.

³⁴ *ibid.*

invalid and the resolution would be contrary to law. But the Labour group voted for the resolution and the deficit budget was carried.

THE AUDITOR ACTS.

By this time the district auditor had begun to take action on the original delay in making a rate. On 11 June he wrote to councillors advising them he was in the process of calculating the losses incurred by their actions. On 26 June he wrote to 49 Labour councillors explaining that as a result of the extraordinary audit of the council accounts he had to decide "whether I should certify the sum of £106,103, or any other sum consequent upon the failure to make a rate or the delay in the making of the same for that financial year as due from you on the ground that the loss of such sum has been incurred or deficiency caused by your wilful misconduct."³⁵ The auditor pointed out that the council had delayed making a rate for the financial year beginning 1 April 1985 until 14 June. In his view "The facts show there was no lawful justification for the delay in the making of the rate. The council has thus disregarded the advice and warnings given by me, my predecessor and its officers. On the evidence the council would appear to be in breach of its statutory duty."³⁶

He argued that the council had obviously incurred losses by not having set a rate on time because it had not been able to acquire the interest such rate income would have earned if it had been available to the council for investment. But the extent of those losses would not be certain until the end of the financial year. He would consider at that point whether he would be obliged to act against councillors for such losses. However, the auditor pointed out that he had

identified losses or deficiencies which are readily capable of assessment. These arise from:

- a. the refusal by the Department of Health and Social Security to pay the rate rebates element of housing benefit subsidy.
- b. The refusal by the Treasury Valuer to make contributions in lieu of rates on Crown property.³⁷

The council was losing potential interest on those payments of £2,986 daily and up to June 24 it had already lost £106,103.

In his view 49 Labour councillors "by their voting, abstention from voting or absence may have failed to discharge their duty as members and may therefore be guilty of wilful misconduct occasioning the loss or deficiency."³⁸ Since the individual sums involved were over £2,000 for each councillor, it could lead to disqualification as well as surcharge. The councillors were given 21 days to appeal against the auditor's decision.

LABOUR REPLIES TO THE AUDITOR.

The councillors' reply came on 19 July 1985. Their defence was almost wholly concerned with the detailed politics of the relationship between the government

³⁵ District auditor's report to Liverpool city council, 26 June 1985.

³⁶ *ibid.*

³⁷ *ibid.*

³⁸ *ibid.*

and the council in its two years of office. It did not turn on whether the losses had been incurred, but whether they were the result of wilful misconduct. They argued that legislation about rate-making "do not prescribe a date by which those responsibilities must be discharged."³⁹ A recent High Court judgement had set 1 June as a deadline for one local authority but had said that "no generally applicable period can be laid down ... the facts of each case must be examined." In 1984-85 the district auditor had told Liverpool

the rate should be made by June 20, thus avoiding complications arising from the right of ratepayers to pay by ten monthly instalments. The councillors and the officials from whom they receive were mindful of the significance of June 20 so far as the 1985-86 rate was concerned, and officials drew specific attention to this date in the advice offered to members. At no time did members of the council individually or collectively resolve not to make a rate for 1985-86, or to delay making a rate.⁴⁰

The council had made every effort to maximise resources to address Liverpool's "distressing" problems in negotiations with the DOE about its capital programme and urban programme. Councillors argued that the discussions about the funding of its capital programme in January and February 1985 had constituted a "serious threat" to the council which had to be countered "with speed and skill" and "could not have been achieved until the very end of the financial year, or indeed until the beginning of 1985-86."⁴¹ This delayed the process of budget making. Similarly, councillors argued that the DOE's delays and final refusal on 8 May to sanction certain elements of the council's urban programme, which affected the 1985-86 revenue budget to the extent of £14.5m also "had a profoundly disruptive effect upon the approach to budget-making."⁴² The government have maintained that the delays were of the council's own making.

Councillors claimed they were justified in exploring every avenue to increase government resources for the city. "Negotiations in 1984-85 had a marked measure of success. There was every reason to suppose in the light of that success that Liverpool could present its case in a manner which could command respect and response."⁴³ This had led the council into

long and difficult negotiations with the government. The councillors are of course aware that other local authorities with their own problems of resource-shortage, have been contemporaneously in negotiation with the government, and that there may have been a hope and an expectation that the government might be influenced in its response to individual authorities by the knowledge that it was under pressure from a number of boroughs at the same time.⁴⁴

On the specific losses, councillors argued that since the Department of Health and Social Security did not withhold or threaten to withhold payments of housing

³⁹ Representations on behalf of certain members of Liverpool city council concerning the audit of accounts 1985-86 under section 20 of the Local Government Finance Act 1982, 19 July 1985, p.28.

⁴⁰ *loc. cit.*

⁴¹ *loc. cit.*

⁴² *loc. cit.*

⁴³ *ibid.*, p.29.

⁴⁴ *loc. cit.*

benefit subsidy in 1984, even though Liverpool had set its rate later in that year, the council "was entitled to expect, and did expect, to receive the same treatment in this respect in 1985-86 as it did in 1984-85." If a loss arose because the DHSS had changed its practice "it clearly arose, if it arose at all, at the will or whim of the DHSS."⁴⁵ Since Treasury payments were essentially the equivalent of rates, that delay had to be seen in the larger context of its justification for delaying setting a rate in the first place. Councillors also pointed out that in 1984 Liverpool had not got its first payment from the Treasury until 25 July, whereas in 1985 it had got it on 4 July. Essentially the councillors argued that they intended to off-set any short term losses with increased government resources for the city. The district auditor had accepted this argument in 1984. They argued he should do so in 1985.

THE AUDITOR REPLIES.

On 6 September the district auditor replied to the councillors rejecting their reasons that he should not implement Section 20 of the 1982 Local Government finance Act. He argued:

The council's duty to make a rate is clear and unequivocal. Members were told repeatedly in 1984 and 1985 about this duty. In delaying making a rate . . . they were in breach of their duties. The delay in making the rate was deliberate. The members knew that a loss would be a consequence of this delay or at the very least were reckless in this regard . . .⁴⁶

The auditor rejected councillors' arguments about the impact of delays in government decision-making about its urban and capital programmes. A budget was "of necessity the best estimate that can be made of future expenditure. It must take account of the likely financial effect of any undecided matters. The making of a rate can not be deferred until all such matters have been decided and precisely quantified in financial terms. To do so would mean deferring the making of the rate until long after the year's expenditure has been incurred and paid for."⁴⁷ In the district auditor's view "The council's intentions in delaying making the rate were in the words of Mr Justice Woolf to use "the non-making of the rate as a weapon, or as a lever in an attempt to prise additional money from the central government to which the council believes it is entitled". This is not good reason to justify a clear breach of duty."⁴⁸

In his view, "council members were . . . engaged in a political battle with central government and that was the major factor behind their action in delaying making a rate." However, the council had "no justifiable reason at all to suppose that a delay would influence central government to increase RSG. The DOE had steadfastly refused to acknowledge that there was any room for negotiation or that further grant aid may be made available." Also, the fact that the council had expected the DHSS to pay subsidy was "not the point at issue. The fact is that the relevant government departments concluded that no payments on account of subsidy would be made if no rate had been made and they had informed the

⁴⁵ *ibid*, p.25.

⁴⁶ Statement of reasons for the decision of the district auditor to issue a certificate dated 6 September 1985 under the provisions of section 20 of the Local Government Finance Act 1982, p.29.

⁴⁷ *loc. cit.*

⁴⁸ *ibid*, p.30.

council accordingly." It was not for the auditor "now to decide whether or not central government should have made the payments in 1984-85."⁴⁹

The auditor argued that the budget making process could have started at the beginning of 1985

notwithstanding any possible discussions on the capital programme and urban programme. The evidence is that a fairly accurate assessment of the required expenditure of £265m was in fact available in March 1985. The reasons adduced by members to support the delay in commencing the budget-making process are not the real reasons for the delay. It seems to me on the evidence that from November 1984 onwards there was no intention whatever to make a rate if that rate would either result in material increases in rents or rates or require expenditure at a level lower than the council thought justified.⁵⁰

The auditor concluded that the council "acted deliberately in delaying the making of a rate. The council knew that to delay unreasonably was a wrongful act or was recklessly indifferent as to whether or not it was a wrongful act. Nevertheless, it still delayed making a rate and acted wilfully in doing so."⁵¹ The loss of £106,103 was "a direct consequence of the delay" and 49 Labour councillors were responsible for it. The councillors appealed against the district auditor's decision in the High Court. But on 6 March the three High Court judges unanimously rejected their appeal.

LABOUR COPING WITH A DEFICIT BUDGET.

While the legal deliberations about the delay in rate-making were continuing, the council was adjusting to the financial and policy consequences of the 14 June decision in favour of a deficit budget. A meeting of the finance and strategy committee on 10 July agreed that the chief executive, city treasurer, chairman and deputy-chairman of the committee should "identify and put in hand any necessary procedures to ensure the protection of emergency/essential services." The city treasurer should in consultation with the chair and deputy chair take "any necessary actions to guarantee the council's borrowing capacity". It agreed that the committee would "in future authorise all items of expenditure, including the placing of orders and the making of contractual commitments; undertake a review of contracts and that the powers delegated to chief officers with regard to expenditure be withdrawn."⁵² In other words, the power and legal responsibility to commit expenditure was taken from officers and returned to elected members.

The committee also asked the treasurer to report on the impact on the revenue budget of four other matters: the optimal use of existing reserves as between the financial years 1984-85 and 1985-86; the use of departmental balances worth £5.9m; the rescheduling of debt; and most important "capitalisation, taking account of the priority status of the council's programmes and its commitments

⁴⁹ *loc. cit.*

⁵⁰ *loc. cit.*

⁵¹ *loc. cit.*

⁵² Minutes of the finance and strategy committee meeting, 10 July 1985.

to employment in the private sector.”⁵³ The committee also recognised the council’s objections to increasing charges, including rents, but “nonetheless invites their comments on charging policy”.⁵⁴ In other words, the committee had begun to explore the financial and policy options open to it in coping with an inadequate rate. At the same time the committee repeated its requests for “urgent meetings” with the Secretary of State to discuss the level of partnership and grant support for the city in 1985–86.

The treasurer’s report to the committee also spelled out the practical consequences of the council decision to accept an unbalanced budget and the options available to it. He reported out that a number of costs in the 1985–86 budget had fallen and the base budget was reduced from £265m to £261m. Nevertheless, this still meant that “the projected deficiency is several times its normal level of creditors and it must now recognise that unless action is taken to eliminate, or at least very substantially reduce this deficit, it will, in the city treasurer’s opinion, become insolvent with all the consequences for the provision of services and for its employees, its suppliers and its other creditors that will naturally follow.”⁵⁵

The council could reduce that deficit by revising some of the financial arrangements in the 1984–85 budget, “such as the capitalisation of expenditure presently charged to revenue.” Although the treasurer did not regard this as “prudent” since it meant “merely a postponement of the problem to later years . . . given the stringent limit now set by the rate levied, all options must be considered.”⁵⁶ For 1985–86, the treasurer pointed out that the council could consider increasing fees and charges in line with inflation, it could use up all its balances and it could reschedule debt payments in such a way as to reduce them in the short term.

Most important, once gain it could consider “the possibility of financing some of the work of repair and maintenance presently included in the HRA revenue budget from capital.”⁵⁷ By mid-July the theme of capitalisation as a way of balancing the 1985–86 budget had emerged to take the central stage once again. The city treasurer, despite his reservations about the prudence of doing so, was clearly recommending it to the city council. The Labour party and council group strenuously resisted this option for a further four months. But in the end they adopted it.

On 19 July, the district auditor wrote to councillors again in view of the treasurer’s report of 10 July. Referring to the treasurer’s comment on “the question of the propriety of incurring commitments that may not be honoured . . . and . . . the question of legality [that] may need to be considered.” The auditor observed:

I can only emphasise the seriousness both for members and officers and the possibility of criminal charges arising, if the council were placed in a situation in which financial commitments were made for which funds were not available.

⁵³ *ibid.*

⁵⁴ *ibid.*

⁵⁵ City treasurer’s report on the revenue budget 1985–86, 10 July 1985.

⁵⁶ *ibid.*

⁵⁷ *ibid.*

The city treasurer's assessment of the council's legal commitment to expenditure at the 30 June was of the order of £171m. This provided for contractual notice and redundancy pay for employees and expenditure arising from orders already placed. The commitment was estimated to be increasing by some £5m a week which would seem to mean that in approximately 11–12 weeks from the 30 June the council's legally committed expenditure would increase to the maximum level of £229.4m that can be sustained by the present rate levy. It will be seen, therefore, that unless the council takes action quickly it could be faced in some 11–12 weeks time with issuing dismissal notices to the majority of its employees and placing an embargo on any further orders for goods and services. The consequences for the city of Liverpool are so extreme that I would not wish to make any further comment.

In his view the council had three choices:

1. to accept the prospect of issuing wholesale dismissal notices and jeopardise the extensive services provided at present by the council, or
2. to make changes in income and expenditure plans with consequential changes in employee costs, other costs and the services provided by the council in order to keep within the limit fixed by the present rate levy, or
3. to act as individuals or groups of individuals in order to challenge the present rate so that it can be quashed and replaced by rate sufficient to meet the level of expenditure considered appropriate.

I would emphasise that for members to take no action would itself be a decision which would lead inevitably to the situation set out against the first choice outlined above.⁵⁸

On 29 July a public letter circulated in the city of Liverpool from the leader and deputy leader of the council explaining the council's position stated "The policies of Liverpool Labour council are clear. We will never issue a single redundancy notice."⁵⁹

The finance and strategy committee met again on 31 July. The treasurer reported on the items requested at the previous meeting. He reported it would be advantageous to transfer £2.8m funds from 1984–85 into 1985–86 to reduce expenditure and government penalties. He reported that £5.9m departmental balances or surpluses were available to reduce the 1985–86 budget. He advised that rescheduling debt would save £1.3m in 1984–85 and £1.0m in 1985–86. Most crucially he pointed out that repair and maintenance work charged to the revenue budget could be paid for with capital receipts. The amount of expenditure which could be capitalised depends therefore upon the amount of available capital receipts. The extent of these is dependent upon negotiations presently being undertaken in connection with the financing of the capital programme, but should be at least £20million.⁶⁰

⁵⁸ District auditor's report to Liverpool city council, 19 July 1985.

⁵⁹ Open letter from the leader of the city council, 29 July 1985.

⁶⁰ City treasurer's report on the revenue budget 1985–86, 31 July 1985.

These negotiations were for a deferred payment arrangement, referred to in his report of February as a potential method of financing the council's future capital programme whereby "proposed capital work is undertaken by a third party with the city council agreeing to make payment in future years."⁶¹ It was anticipated this would produce about £25m surplus on the 1985–86 capital account which in principle could be used to capitalise revenue expenditure in 1985–86. However, the treasurer did point out that "the effect of capitalising expenditure is to increase the total cost over a period of years, since interest charges would be an additional cost."⁶²

The treasurer also pointed out that "Some of the options for balancing the 1985–6 budget dealt with in this report are once and only reductions in expenditure, *viz* the use of funds; some have a diminishing effect in succeeding years, *viz* debt rescheduling; and the capitalisation of repairs and maintenance is a one-off benefit unless capital resources are committed to the same level in succeeding years."⁶³ In other words, capitalising revenue expenditure was a treadmill. Once started it was increasingly difficult to stop and it permanently constrained the resources available to build new housing. "Whilst therefore the options could be used to deal with the problems of the 1985–6 budget they will not deal with the underlying financial problems facing the city council... there will need for 1986–7 to be a substantial reduction in the level of current expenditure—to which the options dealt with in this report make little contribution."⁶⁴

Nevertheless, the treasurer's report indicated the council should seriously consider all these options. The council's financial position was deteriorating seriously. For example, this report informed the committee that the Public Works Loan Board was no longer prepared to loan money to the council until it made a legal rate. Also the Secretary of State had indicated that the council had received £37.8m in grant for 1985–86 and would be receiving no more unless it reduced its expenditure.

The next meeting of the committee on 6 September made clear that the deferred payment plan had been agreed. It reported that "Negotiations for such an arrangement have, subject to documentation, been successfully concluded and acting under delegated powers, the chairman and deputy chairman of this committee have approved a deferred purchase arrangement whereby £30 million of expenditure within the approved capital programme (of which an estimated £25 million would fall in 1985–6) will be undertaken by a financial institution."⁶⁵ This would leave £27.4m unused capital receipts at the end of 1985–86. The treasurer also identified a probable £15.1m in 1984–85 revenue budget and an estimated £12.7m in 1985–86 of repair and maintenance expenditure which could be capitalised, a total of £27.7m. His report made clear that the deferred purchase scheme had generated enough unused funds to allow the 1985–86 budget to be balanced by capitalisation. The treasurer argued "the city council should take urgent action to reduce its net expenditure and to balance its budget."⁶⁶

⁶¹ *ibid.*

⁶² *ibid.*

⁶³ *ibid.*

⁶⁴ *ibid.*

⁶⁵ Minutes of the finance and strategy committee meeting, 6 September 1985.

⁶⁶ City treasurer's report on the revenue budget 1985–86, 6 September 1985.

But the committee did not accept the option of capitalisation. Instead it called for the Secretary of State to visit Liverpool and discuss its grant level. It argued that "the policy of this council is not now and never has been to act illegally or delay making a Rate." It called for "the approval of the Secretary of State to borrow an additional £25 million beyond the present level of borrowing consents which would enable all jobs and services to be protected for the remainder of this financial year. . . ." However, the committee recognised that if the consent was not given "the authority would not have at its disposal the resources to carry out its full range of services or to meet in full its obligations to its employees throughout the whole of the present financial year."

As a consequence, the committee resolved "to retain adequate resources to maintain essential/emergency services. . . ." which would include only residential social services, services for the homeless, emergency repairs, public health services and burial of the dead. The rest of the authority's services would have to be terminated and "immediate steps be taken to convene meetings of the Social Services, Education and Industrial and Public relations committee, after consultation with the Joint Shop Stewards Executive Committee, with a view to putting in hand the necessary procedures for terminating the contracts of services of all employees, because there will be no money available to continue employing them."⁶⁷ The committee was planning to make all local authority employees redundant.

This decision to issue redundancy notices threw the Labour party into confusion. For example, the district Labour party at a meeting on 5 September passed a resolution:

This district Labour party instructs the Labour group that under no circumstances should any council worker be issued with a redundancy notice, nor that there be any cuts in jobs and services. As far as this DLP is concerned:

- a. the council continues business as usual in the current situation.
- b. does not set aside any monies for redundancy payments.
- c. continues with the capital programme.⁶⁸

In other words, the party was opposed both to redundancies and to any financial decisions that would enable the council to avoid them.

The local authority trade unions were divided by the tactic. The Joint Shop Stewards Committee which represented the majority of local authority trade unions had for two years supported the council's deficit budget strategy and the campaign to win more government money for the city. But it split on the redundancy plan. On 7 September it voted 51 to 48 against accepting the plan. However, on 9 September it voted against capitalisation as a way of balancing the budget and also called upon individual unions to vote for an indefinite strike which would make the redundancy notices unnecessary since the council would not have to pay the workforce.

⁶⁷ Minutes of the finance and strategy committee meeting, 6 September 1985.

⁶⁸ Minutes of the district Labour party meeting, 5 September 1985.

The individual trade unions voted on that resolution on 24 September. In fact some union leaders did not put the resolution to their members and only three unions, the General Municipal Boilermakers & Allied Trades Unions, the Transport and General Workers Union and the United Construction & Allied Trades Unions, voted in favour of it. The executive committee abandoned the call for an indefinite strike in favour of a one day strike. But on September 25 it also returned to supporting the redundancy tactic. At that point the unions who had originally opposed the redundancy tactic left the Joint Shop Stewards Committee and never returned. In fact despite the opposition of the NUT, NALGO, NATFHE, NUPE, and MATSA the Labour party had already decided to proceed with the redundancy tactic. On 12 September the industrial and public relations committee voted to implement the decision of the finance and strategy committee of 6 September. It requested the chief executive:

- a. to arrange for all employees of the council to be notified that from the 18 December 1985... the council will be unable to honour its contracts of employment and that accordingly the contracts will cease to exist on the date specified, and to notify the trade unions to this effect;
- b. to arrange for the re-engagement on their present terms and conditions of employment of all the employees concerned on 1 April 1986, or such earlier time as the finances of the city makes possible.⁶⁹

The committee regretted the action but argued it was the consequence of the Secretary of State's failure to honour the July 1984 agreement. It also insisted that "the agreed steps provide the only certain way of providing wages and salaries until 18 December, other steps would certainly result in immediate cessation of payments. Furthermore the agreed steps give the government three months to negotiate a just settlement with the Labour council on behalf of the people of Liverpool. If the government recognises its responsibilities then all notices would be withdrawn." It called on the Minister "to meet with councillors "to prevent a catastrophic breakdown in local authority services."⁷⁰

The council was to meet to confirm this decision on 27 September. On 25 September the executive committee of the district Labour party decided in view of the failure of the workforce to support the indefinite strike, "we revert to our December option" and mount a major campaign against capitalisation. This went to the district Labour party meeting on 26 September. It agreed:

The position of the Liverpool district Labour party remains absolutely clear. There will be no redundancies, no cuts in services, no capitalisation—which would mean an end to all house building and put 10,000 building workers on the dole, and no massive rate increases.

We support the decision of the Liverpool city council Shop Stewards Committee that letters should be sent to all council workers, informing them that the money will run out on December 31, as a legal device which will enable the Labour council to continue to borrow money until then. We resolve to continue our campaign to secure the £25m from the Tories.⁷¹

⁶⁹ Minutes of the industrial and public relations committee meeting, 12 September 1985.

⁷⁰ *ibid.*

⁷¹ Minutes of the district Labour party meeting, 27 September 1985.

On 27 September the council indeed accepted the recommendation of the district Labour party and confirmed the 12 September resolution of the personnel and industrial relations sub-committee. It approved the issuing of redundancy notices to all local authority workers and accordingly reduced the base budget from the £265m approved on 14 June to £226.5m. The finance and strategy committee on 2 October confirmed the new budget figure of £226.5m and repeated previous resolutions calling for "urgent meetings" with the Secretary of State to demand that "resources be made available to enable all jobs and services to be protected for the remainder of this financial year."⁷²

On 11 October the committee met again and the treasurer's report indicated there was another way of maximising services for existing resources. He pointed out that previous estimates had assumed that employees would have to have their contracts terminated for three months and be given redundancy pay of £23m. If, however, employees were reinstated after less than 28 days, the authority would not need to make the payments. He pointed out that if employees took "A shorter break with no payment" the council could save the £23m severance pay and use it for salaries. His estimate was that if employees were not paid only for the month of February 1986 the savings involved in grant penalty and redundancy payments would allow the council to provide full services for the other eleven months in the year.

The committee met again on 18 October. The Conservative members proposed "as an alternative to redundancy, lay-off or strike action the one sure and certain way of balancing the revenue account this year and ensuring the absolute continuity of all jobs and services is by capitalising that element of repair and maintenance in the Housing Revenue Account."⁷³ But the Labour members defeated the amendment. Relevant to this discussion, the council's housing investment programme bid for 1986-7 was presented to the committee. The council was seeking a programme of £123m and the document concluded "it is imperative that adequate resources are available through all capital allocations to secure the success of this ambitious approach."⁷⁴ The document was implicitly constructing a case against any capital resources for the following year being diverted to the revenue budget for 1985-6 by capitalisation. The city council confirmed the decisions of the finance and strategy committee on 30 October, rejecting capitalisation as a means of balancing the revenue budget.

THE STONEFROST REPORT.

By this point outside events had impinged upon the Liverpool Labour party's internal decision-making. At the annual Labour party conference on 5 October, the Liverpool council leaders had hoped to get conference approval for a resolution supporting the decision to issue redundancy notices to local authority employees as a way of trying to secure increased resources from the government. But that resolution, which was unlikely to be accepted, was never presented. The Liverpool leaders withdrew it in response to an offer from the NEC spokesperson on local government, David Blunkett, that he would try to secure from other Labour authorities financial help for Liverpool's capital programme, if the

⁷² Minutes of the finance and strategy committee meeting, 2 October 1985.

⁷³ Minutes of the finance and strategy committee meeting, 18 October 1985.

⁷⁴ Liverpool city council housing investment programme bid for 1986-87, submitted to the finance and strategy committee meeting 18 October 1985.

council would allow representatives from the Association of Metropolitan Authorities to examine the council's financial circumstances. This was agreed and on 21 October the council and the nine general secretaries of the trades unions representing city council staff jointly commissioned that examination. The report was chaired by Maurice Stonefrost, Director General of the Greater London council and President of CIPFA. It was presented to the chief executive of the city council on 29 October.

Since the document was based primarily upon council documents it presented little new information about the council's finances. But it did present in a public fashion alternative ways of responding to the financial situation. It recognised the city council was "close to the point of insolvency" and the "critical position arises from the reaction of the council to the effect of the system of grant assessments on the council's position at a time of economic and social stress in Liverpool." However, whatever the origin of the problem, the report stressed it was "within the discretion of Liverpool city council to avoid becoming insolvent."⁷⁵ It made the point that a local authority has five sources of income grants, rates, rents, charges and borrowing and it had the discretion to vary these to match expenditure. The report considered various ways in which those elements could be adjusted to bring the revenue budget into balance. But the two crucial issues were capitalisation and a rate increase.

The report accepted that "The Liverpool city council has been expertly advised on accounting changes and has been made well aware of both the short and longer term consequences. Indeed, in the course of our inquiry we have learnt one or two lessons of potential value to our own authorities."⁷⁶ However, the report argued that the council should not rule out further accounting changes, especially capitalisation of repairs, to balance the budget. Indeed it made the point there was not a dichotomy between them. "The choice is not now between saving the revenue services or the capital programme. It is the credibility of both. And if, as a consequence of not capitalising repairs in whole or in part, the credibility of the ongoing services of the council during the remainder of 1985-86 and 1986-87 is placed at risk, the whole of the capital programme would be at risk. The effect on the potential size of the capital programme in 1986-87 would be, in these circumstances, academic." The report also observed that "The city treasurer has already displayed initiative in financing capital expenditure well in excess of (government) authorisation."⁷⁷ If the credibility of the council were restored he might continue to do so and maintain a substantial capital programme. The deferred purchase agreement announced on 6 September was such an initiative.

The report therefore recommended some capitalisation. It did make one further comment in this respect. It observed that the government's reduction of Liverpool's housing investment programme in 1985-86 after the Secretary of State's "assurance" of 29 June 1984 that he would try to help the council make "positive progress" in dealing with its "severe needs" "does not appear to reflect well upon the government even within the reality of the tensions of policy

⁷⁵ "Liverpool's Financial Position", Report to the Liverpool city council and general secretaries of the trade unions concerned, 29 October 1985.

⁷⁶ *ibid.*

⁷⁷ *ibid.*

and relationships." This was an issue which, "if the council takes its decision to avoid insolvency, the council and those who support it would no doubt press very strongly upon the Secretary of State."⁷⁸ The government, of course, always disputed that interpretation of the letter and the housing investment programme it later allowed Liverpool.

But the Stonefrost report argued that capitalisation on its own was inadvisable. It pointed out that the council's financial problems were real and in view of it being rate-capped for 1986-87, they were not going to become easier. Accounting changes would not on their own help them. "Credibility cannot now be returned solely by accountancy transactions which ease 1985-86 and add to the problems of 1986-87." To avoid a repetition of the problem in 1986-87, the council needed to make:

real changes in reducing revenue expenditure and increasing current revenue income. . . . The sum total of increases in revenue and reductions in expenditure needs to form a substantial part of the decisions and not be significantly smaller than the accountancy changes and "once and for all" uses of balances." And in this respect an increase in rates has now become the cornerstone to the restoration of credibility. In addition to being a key element in creating credibility, it would regularise the financial position of the council beyond doubt. This is important because if the council now takes a decision intended to restore financial credibility, it would not wish that credibility to be open to any further doubt. A rate increase also puts the council in a strong technical position on rate capping in 1986-87.⁷⁹

The report examined a number of alternative financial packages, including capitalisation and other accountancy changes, rate increases of 15%, increases in charges, and reductions in employee costs, without actually recommending a single one. It concluded rather that "it is unrealistic to put the whole weight for balancing 1985-86 and 1986-87 on any one factor. Equally the above [report] illustrates the problem of exempting any one factor from making some, at least, contribution to avoiding insolvency."⁸⁰ The whole thrust of the report was that the council faced very difficult decisions which it should nevertheless start to face sooner rather than later if it wished to establish "credibility" and avoid the financial crisis reappearing in future years. "Credibility is more than arithmetically 'balancing the books'. It requires confidence in the responsibility of an administration to maintain its on-going service."⁸¹

The significance of the Stonefrost report was not that it revealed unknown facts about Liverpool's financial situation. In many ways it confirmed the council's argument that it was facing difficult financial choices. Rather it gave an alternative public expression of the decisions that could be taken to face those choices. In particular it provided support for those in the Labour party who regarded capitalisation of revenue spending as a less bad option than making the whole workforce redundant. For example, at the district Labour party meeting on 6 November a resolution was moved which called upon "the Labour Group to build upon the opportunities offered by . . . the Stonefrost Report and the AMA

⁷⁸ *ibid.*

⁷⁹ *ibid.*

⁸⁰ *ibid.*

⁸¹ *ibid.*

initiative on loan facilities to achieve a solution which ends the present demoralisation caused by the financial crisis, and the consequent creeping cuts... " on the basis of amongst other things "Creative accountancy measures and extra borrowing (as from the AMA [sic]) to replace the capital funds used for capitalisation and pressure from the party locally and nationally on Baker to release the balance of the Housing Fund promised by his predecessor."⁸² On this occasion, however, the motion was withdrawn and the meeting voted in favour of the continuation of the existing policy. But the pressure for such a compromise was growing within the Labour party.

The executive committee of the district party met on 13 November and confirmed current policy. Its statement was put to and accepted by the party on 14 November. Amongst other things the district Labour party expressed "its gratitude to those Labour councils which have tried, as far as was possible financially, to assist the Liverpool council, but we recognise that the amounts raised so far are inadequate to produce a solution." The district party remained "opposed to cuts in jobs, services and building programme." It resolved amongst other things to "inform the trade unions on the detailed financial situation as it effects wages and to inform them that there will be no more money available after November 21." and "to commit all the scarce resources now available to the council to essential and emergency services."⁸³ However, the Labour party was unable to sustain this line of argument in the following week as it came under a variety of pressures to compromise. First the national executive committee of the Labour party made it clear that if the council were to receive any financial aid from other Labour authorities that Liverpool would have to implement the necessary decisions of the Stonefrost report.

On 20 November the district party met and noted

with grave concern the demands of the local authority trade unions leaders to implement the "Stonefrost Option" by a 15% rate increase... We believe that the implementation of the Stonefrost options represent an abandonment of the policies on which Labour was elected in 1983 and 1984, as they would mean:

- a. a further 15% rates increase and increases in rents which would be an unacceptable burden imposed on the people of Liverpool;
- b. capitalisation which would undermine the housebuilding programme;
- c. the destruction of local authority jobs.⁸⁴

The DLP agreed to meet after 21 November when the Labour council leaders had met with the AMA to assess the amount of loan capacity produced by the Blunkett initiative.

Those talks however broke up in disagreement when the council leadership refused to accept the conditions that the AMA wished to impose upon its lending the council £3m capital allowances. After this the national party's spokesperson

⁸² Minutes of the Liverpool district Labour party meeting, 6 November 1985.

⁸³ Minutes of the Liverpool district Labour party meeting, 14 November 1985.

⁸⁴ Minutes of the Liverpool district Labour party meeting, 20 November 1985.

on the Environment, Jack Cunningham MP, and councillor Jack Layden, chairman of the AMA were asked by the leader of the Labour party to write to every Labour councillor. Their letter explained:

It is important that nobody is in any doubt about the measures necessary to secure a balanced budget and to protect the services of the people of Liverpool and the jobs of the council's 31,000 employees.

We have enclosed a paper prepared by David Blunkett showing how a balanced budget could be secured without loss of jobs or damage to services. A modest rate increase is one possibility.

It is precisely because the real gap between a solution and insolvency is so small that it is difficult to understand why a settlement cannot be achieved.

A failure now to meet the responsibilities of the council to the people of Liverpool was described by David Blunkett as not only "insane" but a deliberate sabotage of the whole Labour movement. We urge you to reconsider these matters and to act quickly to prevent a slide into insolvency, the consequences of which would be appalling for the people of your city.⁸⁵

During this period also the national and regional officials of the two local authority unions who were still supporting the council, the GMBATU and the TGWU, exercised increasing pressure upon their local members and officers to compromise and capitalise.

By 22 November the result of that pressure was that it had become clear that the council would be able to rely on very few local authority trade unionists to operate emergency services on an unpaid basis. On that day the executive committee of the district Labour party finally decided to abandon their policy. The decision was endorsed by the district Labour party immediately afterwards. The resolution paid tribute to the 49 councillors who had risked their political careers "in defence of party policy" and argued:

By refusing to bend to the dictates of Thatcher's government and the hysterical campaign in the press, they have secured additional resources—albeit through other sources such as the Association of Metropolitan Authorities. However, we feel that we must now reluctantly accept that the actions of Front-bench spokesmen and Trade Union leaders—acting in conjunction with some of the local Trade Union leaders, have wrecked any possible opportunity of waging a united fight to gain additional resources from the Tories.

We view with utter dismay and disgust Parliamentary Spokesmen acquiescing with the Tory threats of bringing Commissioners to Liverpool and we call on Labour parties throughout Britain to protest at this action.

In view of the forces now ranged against the city council and the lack of support for our stand we believe that we are forced to consider an alternative Budget.⁸⁶

⁸⁵ Letter from Jack Cunningham MP and Jack Layden to Labour councillors, 21 November 1985.

⁸⁶ Minutes of Liverpool district Labour party meeting, 22 November 1985.

But four days later the national executive committee of the Labour party suspended the Liverpool district Labour party pending an internal inquiry. That inquiry was completed in February 1986. Its recommendations about the future organisation of the Liverpool district Labour party and the position within it of certain members were still being discussed by the national Labour party in March 1986.

The district party's decision was implemented by the finance and strategy committee on 25 November. It agreed that

the process started on 14 June of reconciling the council's income and expenditure and followed through at meetings of this committee on 10 July, 31 July, 6 September, 2 October and 11 October be completed taking into account:

- a. £3million additional capital borrowing, secured for the city through the good offices of the AMA;
- b. a deferred purchase agreement which has been agreed;
- c. expenditure reductions of £3million be made.⁸⁷

The committee agreed a balanced budget be prepared on the basis of amongst other financial transactions, "the capitalisation of repair and maintenance expenditure in 1984-5 and 1985-6 to a net amount of £23.4 million."⁸⁸ The committee did not, however, recommend the further rate increase which the Stonefrost report said was the cornerstone of credibility which would remove the council's financial problems in future. The committee agreed to meet on 29 November to discuss detailed arrangements. On that day the committee agreed the treasurer's detailed proposals for a base budget of £262m.

The treasurer also revealed the details of the deferred purchase scheme. It was for £30m and would provide sufficient resources to allow necessary capitalisation of £24m. "In addition the city treasurer has received a very firm indication from Phillips and Drew [the London stockbrokers] that they are confident of being able to arrange another facility of the same size in the next financial year... with a view to safeguarding the future capital programme."⁸⁹ The committee resolution made clear that the arrangement was that "which was submitted to the committee on 6 September."⁹⁰ There was nothing in the committee's report to indicate that the agreement could not have been finalised on the same conditions on 6 September as eventually agreed on 29 November. The authority had been allowed to hover on the brink of financial collapse for over three months when the final solution had apparently been available to it throughout that period.⁹¹ The city council confirmed the committee's decision the same day. Liverpool's financial crisis was, at least temporarily, resolved.

⁸⁷ Minutes of the finance and strategy committee meeting, 25 November 1985.

⁸⁸ *ibid.*

⁸⁹ *ibid.*

⁹⁰ *ibid.*

⁹¹ For a discussion of the implications of this transaction see Michael Parkinson, "Creative Accounting and Financial Ingenuity in Local Government: the case of Liverpool" in *Public Money*, Vol.5 No.4, March 1986.

CONCLUSION: ROLES, RESPONSIBILITIES AND RELATIONSHIPS.

The setting of a rate by Liverpool city council in 1985-86 was a confused and controversial process. There were two key aspects of the affair. In the first place, the ruling Labour group on the council did not present a budget or set a rate until 14 June, that is the third month of the financial year. Secondly, the rate level approved by the Labour group in June was inadequate to cover expenditure in the budget. The council's senior legal officer described that budget as unlawful. In November 1985 the Labour group approved a different budget which retained the same rate level but which balanced council income and expenditure. These two aspects led to different consequences. The council's original delay in setting a rate until 14 June led the district auditor to issue certificates of surcharge and disqualification against 48 Labour councillors for losses they incurred as a result of their wilful misconduct. And although the Labour group eventually abandoned its "deficit" budget in November 1985, the manner in which its decisions were made led the national executive committee of the Labour party to suspend the Liverpool district Labour party pending an investigation of the way in which it conducted its affairs.

The origin of labour party policies

To understand why and how those council decisions about its finances were taken, one has to understand both the policies and decision-making processes of the Liverpool Labour party. As the earlier narrative made clear, Labour's policies developed between 1973 and 1984 in a specific economic, financial and political context. For example, during that period, the continuing decline of the private sector of the local economy and rising unemployment dramatically increased the political importance of public sector employment in the city where the local authority employs 15% of the workforce. Between 1973 and 1978 employment in the public sector in Liverpool increased. But in the second half of the decade, as restraint was increasingly exercised over public expenditure, public sector and local authority employment in the city declined. In this context, both the Labour party and local authority trade unions became increasingly concerned to protect existing council employment from further expenditure cuts.

In 1979 the major local authority unions in Liverpool created a Joint Shop Stewards Committee to represent their common interests and resist further council job losses through redundancy, natural wastage or privatisation. That organisation supported and encouraged the Labour party's commitment to protect local authority "jobs and services" and was an important part of the political context in which Labour's campaign to force extra resources for the city from the government developed after 1981. With the exception of the National Union of Teachers and the National Union of Public Employees, the local authority unions also supported on an individual basis the Labour party's plan to refuse to increase rates or cut services to compensate for the loss of government grant from the time Labour took office in 1983 until September 1985 when the Labour group issued redundancy notices to council employees. In addition to this the local authority trade unions which are affiliated to the Labour party have major representation upon the district Labour party which gave them a significant role in making the policy to resist the government.

The Labour party's concern about the effect of public sector restraint upon local employment was intensified by the changes in the local government grant system which were made by the Conservative government in 1980. As the narrative made clear, there are particular features of the new grant regime which both Labour party members and the senior financial officers of the council believe in some respects discriminate against Liverpool. That belief in the unfairness of the arrangements, and the knowledge that it was shared by the council's professional officers, encouraged the Labour group to adopt its deficit budget strategy and reject the principles of the grant regime.

The third factor which encouraged Labour to adopt its strategy was the political incoherence which characterised the city council between 1974 and 1983. As the narrative pointed out, during this period no single party had an overall majority and the council frequently had great difficulty in getting majority support for a set of financial policies for the city. In particular minority Labour administrations in several years found they could not get the approval of the other two parties for their policies. Nor could they influence the policies of the two minority parties who were unwilling to support the increases in council expenditure and rate levels which Labour wanted. This influenced the Labour group's behaviour when it came into office in two important respects.

In the first case, the operation of the grant system meant that the decisions taken during this earlier period by the other political parties caused a degree of financial strain for the authority in the 1980s which made it difficult for the Labour group to implement its own policies. This encouraged the Labour group's resentment of the grant system and its determination to oppose it. Also Labour's failure to get the support of the minority parties during the coalition era, made it very determined to impose its policies upon the council and unwilling to compromise when it eventually achieved a majority. The political controversies of the coalition era, when Labour argued the other parties co-operated too readily with government policies, contributed to a growth in the spirit of partisanship which still characterises party attitudes and relationships in Liverpool. This spirit itself encouraged the Labour group's resistance to the government.

The behaviour of the Labour group in 1985–86 can only be understood in this broader economic, financial and political context. When it gained a majority in May 1983 Labour had been committed to resist the government and make a deficit budget for three years. It was convinced of both the technical and moral rightness of its cause. It was encouraged to pursue it by memories of resentments and frustrations endured during the lost decade of the coalition era. Its defiance of the government's grant system was an intensely political act carried out in a highly partisan fashion in an increasingly controversial policy arena. It is not clear what differences in the formal characteristics of the local government system would have changed Labour's willingness to engage in its confrontation.⁹²

Decision making in the Liverpool Labour party.

The choice and implementation of that policy was also affected by the structure of the Labour party in Liverpool. The financial strategy was implemented by the

⁹² A broader analysis of the origins of the budget crisis may be found in Michael Parkinson, *Liverpool on the Brink* (Hermitage: Policy Journals, 1985).

Labour group on the council, but it was essentially determined by the Liverpool district Labour party and its executive committee from outside the council chamber. The Labour party in Liverpool is very conscious, and indeed proud of, the close relationship that exists between the Labour group on the council and the party organisation in the city. The district Labour party operates under the model standing orders of the Labour party and the group is not constitutionally mandated to follow the instructions of the district Labour party. But members of the group and the district party accept that in custom and practice, the council group carries out the policy that is decided by the district Labour party. Party policy is initially determined at the annual municipal policy conference. It is interpreted during the year by the district Labour party which consists of delegates from wards, constituencies and trade union branches.

The function of the group is to implement those policy decisions on the council. In principle if the group does not wish to accept that policy it may refer it back to the district party. But it will not unilaterally change such policies on the council without consulting the district. In practice there has hardly been an occasion when the group has taken a major policy decision which was not initiated by the district Labour party, or where the group has refused to accept the district party's line. This relationship gives enormous power to the district Labour party, including the trade unions who have extensive representation on it, over the Labour council group. It emerged as a result of a number of conflicts during the 1970s when the group failed to implement the district party's line, especially over resistance to the Conservative government's housing legislation in 1974. By the late 1970s the district party had gained the ascendancy on these matters.

The relationship is guaranteed by the fact that when individual members of the party seek nomination to the panel of municipal candidates, they are now asked the question who makes policy in the Labour party. If their reply does not indicate that the district party makes policy, their applications do not proceed. The turnover of members of the Labour group since the late 1970's has been such that a very large majority of councillors have been elected during the past five years and have been subjected to this candidacy test. As the narrative made clear, the group did indeed carry out the policies of the district party during the making of the budget in 1984 and 1985. In 1985, it will be recalled, the district Labour party "instructed" the Labour group on 13 June to vote for a deficit budget.

It is also the case, however, that the 36 strong executive committee exercises extensive power in the district Labour party. Indeed, in 1985 on no occasion did the district party ever reject a resolution from the committee in connection with the council's budget. This gives significant power to that committee including leading group members who have a place on it. In this way the real power to initiate and shape policy is considerably more centralised than it initially appears. Policy debates about the council's financial affairs both in the district party and the Labour group remained at a very general level, confined to the endorsement of statements of general principle. The executive committee which includes the officers of the district party and council group, other leading councillors and union officials, in the main conducted the detailed discussions which led to policy recommendations. The chairman of the finance and strategy committee of the council in particular exercised very significant influence in the exe-

cutive committee's decisions about the budget. He also influenced council and committee decision-making in an equally decisive fashion. Indeed it is vital to appreciate the centrality of his role in the overlapping spheres of influence that constitute the Labour party decision-making process in Liverpool.⁹³

Council decision-making

In order to understand the decision making processes of the council, it is vital to appreciate the dominance of the Labour party and its ideology. This sets the tone for all council activities. It does not mean that minority parties are formally excluded from participation in decision-making. They are, eg, represented on all committees and sub-committees of the council. At no point were the opposition parties on the council prevented from proposing resolutions or amendments on the budget. Indeed at many points opposition councillors proposed resolutions urging the council to begin the process of budget making in 1985. Their role was, however, limited in two respects. Very often relevant papers were circulated late to committee allowing opposition members relatively little time to consider the details of policies. The extensive use of delegated powers to the chairman of finance and strategy also restricted the contribution of opposition members. It is also true that the style and rhetoric of debate in full council is often fierce and strident and the chairing of full council meetings has frequently been abrupt. However, a great deal of this appears to stem from the spirit of partisanship that pervades party relationships. The style was little different when the other parties were in control of the council. It must also be said that the chairman of finance and strategy, even if equally fierce in his rhetoric, has been careful to respect the rights of opposition members in that committee.

The crucial feature is that the Labour party always takes the majority on committees as well as chairmanships and vice chairmanships. Party discipline is such that the opposition parties could never get a majority for any of their proposals either in committee or full council in 1985-6. The Labour group believes very strongly in the party theory of government. Its view is that its electoral success in the 1983 municipal elections, which it extended in 1984, gave it an electoral mandate for the policies which were developed by the district Labour party. The group's responsibility was to implement those policies. It saw no need to make concessions or compromises to the opposition parties and always defeated their resolutions. Their belief in the political and moral "correctness" of their policies led to the Labour group's decisions. It is doubtful whether any changes in the formal council arrangements would have changed their behaviour.

The role of council officers.

The same may be said of Labour members' relations with their professional officers. The evidence suggests that officers were given adequate formal opportunity to present their advice to council and committees about the policies they were adopting. Both in 1984 and 1985 the senior council officers were able to give written public advice about the council's obligation to make an adequate rate

⁹³ The inquiry by the national executive committee of the Labour party confirmed many of these features of the Liverpool labour party: the major role of key unions in district Labour party decision-making, the power of the executive committee over the district party, the influence exerted by the district party over individual councillors and the council group, the centrality of the role of the chairman of the finance and strategy committee in the district party. It led the committee of inquiry to recommend reorganisation of the district Labour party.

and the consequences of failing to do so. In June 1985 the city solicitor was given an opportunity to explain to council that the Labour group's resolution proposing a deficit budget was unlawful, before it was put to the vote. The treasurer's reports after 14 June never failed to make clear the consequences of the council's decisions, the options that were available to them and his advice about the actions they should take to regularise the council's financial affairs. At a full council meeting the treasurer specifically rejected an allegation by an opposition member that he had been put under political pressure to present his reports in any other way than he saw fit as a professional officer. All the figures in his reports, he insisted, were his own.

The evidence is not that officers were prevented from offering their advice to council and committees. Rather the Labour group's view again was that the councillors had been elected to implement the policies laid down by the district party. They would listen to officers' advice but they were not bound to accept it. The senior officers on balance found the relationship a manageable one, given that the Labour councillors had moved into such controversial areas where there was bound to be important differences of views about the rightness of particular actions. But those differences did not lead senior officers to feel that their professional position had been compromised. As indicated earlier in this paper, however, these comments on the relations between councillors and officers are confined to this specific policy area. It should not be inferred that this acceptable formal relationship between officers and members would be found in other areas of council decision-making.

The role of the district auditor.

There were two district auditors concerned with Liverpool's affairs in this period; each played a decisive role. The first auditor never provided a deadline by which the council should set a rate. Indeed, one of his letters to the council advising it to set a rate, revealed a degree of sympathy with its position. The actions taken by his successor were markedly different. He chose not to meet the councillors to discuss the position as his predecessor had done. On assuming office, he promptly set a specific deadline for the council to make a rate, allowing only seven days for this to be done. And he acted rapidly against Labour councillors when they failed to observe his deadline. The extent to which the change was dictated by differences in circumstances between the two years, the personality of the incumbents or a change of policy on the part of the Audit Commission itself is unclear.

One point should be noted. The district auditor set a deadline of 1 June for the council to make a rate. However, the council's senior officers in their written advice had advised that it would be administratively difficult to begin collecting rates by installments until 20 June. The councillors believed, rightly or wrongly, in view of this advice that setting a rate before 20 June would safeguard them from action under the 1982 Local Government Finance Act. That apparent difference of opinion between two sets of officials played a major part in the timing of the council's decision which led to the decision to surcharge and disqualify Labour councillors.

Decision-making styles: uncertainty and secrecy.

This point illustrates a more general feature of the decision-making process, that is the degree of individual and collective ignorance that existed amongst the

different participants about the motives, intentions, powers and authority of other participants. The council was operating in such uncharted waters that civil servants, local officials, leading councillors and backbench councillors, Labour party members, Ministers, district auditors, the financial institutions never fully understood where the decisions that were being taken would lead and what the consequences might be.

For example, it is quite clear that the Labour councillors misunderstood the position of the district auditor. They did not believe he would take action against them in 1985 because he did not act against them for the losses they incurred in 1984. This was partly because of uncertainty about the legal position, partly because the councillors were rather unclear about the powers and duties of the district auditor. There was little of the informal contact between the two which could clarify the uncertainty. The result was that in this, as in other areas, the leading participants operated in a mist of uncertainty about the real as opposed to the formal position. As a result, there was an accidental or unintended quality about many of the Labour party's actions. The level of uncertainty frequently led to miscalculation on their part of the likely consequences of their decisions. They never intended to be disqualified from office but unwittingly placed themselves under that threat anyway.

If uncertainty was one pervasive feature of the confrontation, secrecy was another. There were two dimensions to this. The first concerns the role of the Militant Tendency. It is a fact that many leading members of the Liverpool Labour party are supporters of the Militant Tendency. For example, the president and vice president of the district Labour party, almost half the members of its executive committee, many ordinary delegates to the district party, leading officials from local authority trade unions, about 15 councillors including the deputy leader of the group are known to be supporters of the Militant Tendency. They are a substantial minority of the district Labour party but not a majority. It is also known that the Militant Tendency meet to discuss their policies separately from non-Militant members of the Labour party. It is also known that the original deficit budget resolution was moved in the council chamber in 1980 by two supporters of the Tendency. It is also known that the editorial board of the Militant newspaper, who were expelled in 1983 from the national Labour party, has contacts with Militant supporters in the Liverpool Labour party.

But the activities of Militant are shrouded in secrecy and little else can be demonstrated. It is clear that its strength of membership meant that the Militant Tendency played a major part in shaping the behaviour of Liverpool district Labour party and the Labour group. But exactly how important it was, and what its real intentions were is hard to assess. The Militant Tendency certainly used the confrontation with the government over Liverpool's problems to publicise its policies and recruit members to the Tendency. But it is not clear, eg, whether the Militant Tendency intended to take the city council just up to the brink of bankruptcy or beyond it. Nor can it be conclusively demonstrated what role Militant supporters played in the Labour party's decision to adopt a deficit budget in June 1985 or abandon it in November 1985. The degree of influence that national Militant figures may have exerted over the decisions of Militant supporters in Liverpool also cannot be demonstrated. But the existence of the Militant Tendency with broad political ambitions cannot be ignored. It is not the only faction

in the Liverpool Labour party. But it is an extremely powerful one which exerted immense pressure in favour of a direct confrontation with the government which in turn decisively affected the affairs of Liverpool city council.⁹⁴

However, it is also true that many non-Militant members of the district Labour party and the Labour group on the council also supported the deficit budget strategy. The key figure in this respect is the chairman of the finance and strategy committee, councillor Byrne, who is not a supporter of the Militant Tendency. Nevertheless, he also pursued the deficit budget strategy. Equally important, he also encouraged the air of secrecy that surrounded much of Labour party decision-making. His influence was based partly on his formal role as chairman of the committee, but also upon the fact that he alone in the Labour group and party had mastered the details of the city's financial affairs and the government's complex grant system. This monopoly of financial expertise meant that he could determine the precise way in which the policy was pursued within the broad configuration of district Labour party policy. This power based on possession of information was increased in July 1985 when delegated powers to commit expenditure were removed from officers and returned to the chairman and vice chairman of the finance and strategy committee. His authorisation is required for virtually every item of discretionary expenditure and is later confirmed without exception by the committee.

Councillor Byrne did little to provide the information or analysis required to expand the arena of debate. This centralisation of information and authority in the council is reflected in councillor Byrne's powerful position in the executive committee of the district Labour party. It partly accounted for the fact that debate within the party was confined to statements of broad principle with little discussion of alternative ways of responding to the council's financial difficulties. As the narrative made clear, this was the significance of the Stonefrost report. It provided little new information about the council's position. But it was the first authoritative public analysis which did identify alternative responses and provided a factual basis for fuller discussion in the district party and an eventual change in the policy.

In many respects the degree of secrecy which surrounded the real decision-making and the absence of sustained analysis of alternatives both in the council group and the district party was the most vital aspect of the decision-making process in Liverpool. But this rested not upon the organisational arrangements of the Liverpool city council but upon ideology, personal style and the informal concentration and exercise of political power in the Labour party in Liverpool.

⁹⁴ The national executive committee of inquiry decided there was evidence of substantial influence by the Militant Tendency in the Liverpool Labour party. The majority of the committee recommended 16 individuals should be considered for expulsion from the Liverpool Labour party for their membership of Militant.

CHAPTER 3

PARTY POLITICS IN LOCAL GOVERNMENT: AN HISTORICAL PERSPECTIVE

Ken Young

Political parties are today a pervasive feature of local government. The survey of the political organisation of local authorities (*Research Volume I*) establishes the extent of their presence and the significance of their impact upon the decision-making process. The report of the NOP survey (*Research Volume III*) indicates that the public consider that party political influence on local government has increased, and that a substantial majority view it with disfavour. This "politicisation" is generally thought to be the product of a steady long-term trend, beginning in the nineteenth century, spreading in this century first through the major cities and then, if less evenly, to the shires. The reorganisations of local government 1974 and, in Scotland 1975 are seen as having accelerated the trend. Today only a handful of authorities remain on which the political parties are not represented. Most are controlled by a political party or coalition of parties. In some, power is disputed by several parties, none of whom hold a majority of seats. And as *Research Volume II* indicates, the great majority of councillors bear a political party affiliation.

It has long been recognised that the presence of the political parties on local councils does not in itself signify a uniformity of political management. In some cases the role of the parties has been merely to contest elections, with the successful candidates thereafter managing council business largely on a non-partisan basis. In other cases the parties have organised themselves within the council but again the extent of such organisation has varied greatly. It has been normal for the councillors from the majority party to meet privately as a group and to have an important role in the allocation of committee places and council offices. Yet in many authorities and on many issues the origins of policy decisions are to be found in bipartisan discussion in committees of the council rather than in the party group. In some the influence of the party group has been wider than this. In a few cases the decision-making processes of the council have reflected in full the dominance of the majority party, in some cases approaching a "ministerial" model in which the leading councillors form a distinct executive.¹

John Gyford has elsewhere attempted to identify five stages in this trend to more politicised local government.² He identifies an initial stage of "diversity" following the Municipal Corporations Act of 1835 followed by one of "crystallisation" in the second half of the nineteenth century, in which the control of councils was commonly contested by candidates who aligned themselves with the Conservative and Liberal parties. There followed a period of "realignment" after 1919, when the party system was transformed by the rise of Labour and the decline of the Liberals, a process variously reflected in local politics by three-way

¹ E C R Hadfield and J McColl *British Local Government* (London: Hutchinson, 1948).

² J Gyford "The Politicisation of Local Government" in M Loughlin, D Gelfand and K Young (eds) *Half a Century of Municipal Decline* (London: Allen and Unwin, 1985).

contests, by electoral pacts between the anti-Labour parties, and by the emergence of ostensibly non-partisan "front" organisations. A period of "nationalisation" began in the late 1930s and came to full fruition in the post war years, with local election campaigns being fought as national contests by national parties. Finally, a period of "reappraisal" has developed since the 1970s, one which is characterised by the re-emergence of three-party politics, sharp inter-party disputes and a general hardening of ideological tone. This chapter explores the historical background to these developments. The discussion is confined to the first four of Gyford's five stages.

This first part of the chapter portrays Gyford's period of "diversity" as one in which party politics were nonetheless commonplace and indeed often intense. While the politics of the cities and boroughs were distinguished by great variations in the nature of the issues which divided councils, and by a generally weak correspondence between party labels and policy stances, this was nevertheless a period when party organisers pushed hard for a more explicit and positive involvement in local elections—sometimes against local resistance, sometimes not.

The second part of the chapter deals with the period of "crystallisation" and shows that the creation of the county councils in 1889 was a turning point, with national leaders accepting for the first time that Parliamentary benefits might follow from using local elections as rehearsals for the larger and more important contests. At this stage, it was necessary to throw the full weight of the parties only into London elections, where the bitter contests for the prime electoral prize had no parallels in the shires. In the years that followed the first county elections, the extension of the influence of party beyond the hustings and into the council chamber and committee room first became apparent, with the establishment of new—and to us familiar—conventions of political management, in which the party group seeks to establish control of council business through the seizure of offices, the reinforcement of majorities through aldermanic elections, and the development of party group cohesion and discipline. These arrangements came eventually to characterise a number of county councils and were more common still in the cities. But in this respect the London County Council was a precursor of later developments, and is separately discussed here.

The third part of the chapter reviews what was an apparently countervailing trend to independent or "ratepayer" politics in the inter-war years. At first glance this was as much a period of *de-alignment* as re-alignment, for the displacement of the Liberal party by Labour was paralleled by the rapid growth of independent and non-party organisations and electoral alliances. The Independent movement in local politics is often interpreted as a manifestation of local distinctiveness, as a robust assertion of the common sense approach to local affairs. Its contribution to British political history was supposedly to foster a new ideal of non-partisan local government which, according to the influential journal *The Ratepayer*, was "not the cause of faction, or of party, or of any individual, but the common interest of any man". Here a different story is told. The early ratepayer movement between 1921 and 1938 is best understood as an orchestrated response to the rise of the Labour party, prompted by the strategic calculations of Conservative party managers.

The fourth part of the chapter briefly examines developments during the period of "nationalisation" of local politics following 1945. It is a period in which the independent forces collapsed in the face of national party competition, losing 1,500 seats between 1947 and 1952. Many Conservative councillors and party activists now accepted the need both to campaign as a party in local elections, and to organise for the effective exercise of political power on those authorities where the party had a majority. This was not an immediate change, and there have been ebbs and flows in the interest taken by national party managers in local elections. The development of a strong partisan spirit among Conservative councillors and the adoption of a corresponding sophistication in party organisation has been achieved in stages and by the time of local government reorganisation was still very uneven. So too was the degree of control over policy exercised by majority Labour groups. Partisanship during the 1950s and 1960s was often more a matter of form than of substance.

PARTY POLITICS IN THE VICTORIAN CITY, 1835-1890

The political background

The period from 1835 to around 1890 was characterised by three important developments. The first was the process of municipal reform, which began in 1833 with the appointment of the Royal Commission on Municipal Corporations. The Commission was required to report on the existing state of the corporations, their jurisdictions and methods of election. Its first brief report was sufficiently damning of the organisation and standards of probity of the old corporations to serve as the basis for new legislation. The Municipal Corporations Act of 1835 created elected councils and transferred to them all the functions and property of the corporations, extended the local franchise to all ratepayers of three years standing, and provided for the absorption of the separate improvement commissioners into the new municipal structure. It was the beginning of the modern local government framework, but its application was limited to the existing boroughs and to those towns which subsequently achieved incorporation. The extension of the principle of local self government to the entire country was to wait upon the Local Government Act of 1888, which relieved the rural justices of their administrative powers and created elective county councils in their place. In London, the indirectly elected Metropolitan Board of Works was replaced by the London County Council.³

The second major development was the extension of the franchise to working men. This was achieved in part through the Representation of the People Act 1867, which extended the borough franchise to householders and to those in more expensive lodgings, and the county franchise to those occupying lands worth £12 a year. The electorate was increased by almost 90% with working class voters in a majority in the towns.⁴ Few farm labourers were able to vote until the Representation of the People Act of 1884, which extended the basis of the borough franchise to the counties, more than doubling the county electorate. Franchise reform ensured that the condition of the people would become and remain a major issue in national politics. The inexorable pressure for social

³ B Keith-Lucas and P G Richards *A History of Local Government in the Twentieth Century* (London: Allen and Unwin, 1978).

⁴ C Cook and B Keith *British Historical Facts 1830-1900* (London: Macmillan, 1975).

reform thereby created had important long term implications for the powers and duties that were to be laid upon the reformed local government system.

The third major development was the realignment and development of the party system. The Conservative party was in disarray after splitting over the Corn Laws in 1846. It remained without a single formal leader until 1852 when Disraeli began his long term of leadership that lasted until 1881, when he was succeeded by the 3rd Marquess of Salisbury. Gladstone assumed the leadership of the Liberal party in 1865, but it divided over Irish home rule in 1886. The Liberal Unionists came to an electoral arrangement with the Conservatives and drew increasingly close to them until the parties were merged in 1912. Conservative leaders stood aloof from local government, but with the advice of their party managers paid close attention to the local political fortunes of their followers. Liberals and Liberal Unionists were on the other hand often closely involved in local affairs. Former mayor of Birmingham Joseph Chamberlain (who, with the Duke of Devonshire, led the Liberal Unionists) saw local government as a vital political base for a mass party, while leading Liberal Lord Rosebery relinquished the chair of the London County Council to become foreign secretary in 1892.

Patterns of local politics

The Royal Commission on the Municipal Corporations noted in 1835 that "the election to municipal offices is often a trial of strength between political parties".⁵ While this was regretted, the Municipal Corporations Act which followed actually had the effect of quickening the pace of political activity.⁶ Local elections became important to the parties for the larger electoral benefits that might accrue, and it was recognised locally that "a small amount spent at a municipal contest would prove more advantageous than a large amount spent on Parliamentary contests".⁷ The intensification of local politics brought about by the Municipal Corporations Act soon subsided, and subsequent trends in municipal politics as a whole reflected larger political events. Professor Hanham has summed up the politics of this initial stage as follows:

The national pattern took the form of a Radical phase in the mid-thirties, followed by a Conservative revival which quickened the tempo after 1840 and lasted until a short time after the break up of the Conservative party in 1845-6. There was then a long period of neglect of municipal affairs, in which a quiescent aldermanic Liberalism held sway, followed after 1867 by a revival of Radicalism in Birmingham and elsewhere, which culminated in a series of striking victories by the Conservatives in the municipal elections of 1873, and with the election of Joseph Chamberlain as Mayor in Birmingham in the same year. During the middle seventies there was a period of consolidation, which in some places lasted until 1886, and in others was succeeded after 1878 by a long period of Radical gains. After 1886 there was a period of confusion, from which the Conservatives generally profited, then more Liberal gains in the early nineties followed by another Conservative revival.⁸

⁵ *First Report of the Royal Commission on Municipal Corporations* (1835) p 35.

⁶ W B Gwyn *Democracy and the Cost of Politics in Britain* (London: 1962) p 3.

⁷ *ibid.*

⁸ H J Hanham *Elections and Party Management: Politics in the Time of Disraeli and Gladstone* (London: Longmans' 1959) p 387.

Thus, by 1870,

In most of the larger towns, and many of the smaller ones, municipal and other local elections had long played a vital part in local politics. They were the recognised nursery of electoral organisation, since the municipal ward was universally accepted as the basic unit of electioneering, as well as a constant reminder of the Parliamentary struggle to come and a meter which indicated the ebb and flow of party strengths.⁹

Even at this time, the presence of local politics in Parliament itself was notable. It was a normal for around 60 Members of Parliament also to hold office as prominent councillors, aldermen or mayors, and after 1870 their ranks were swollen by a large number of local school board members.

There was localised resistance to the incursion of party into local affairs, but the list of towns in which the Conservative national agent Sir John Gorst noted an absence of party competition in 1875 was a short one. Gorst pressed upon Disraeli the advantages to their party of more systematic intervention and argued that local election results were the best possible barometer of party standing.¹⁰ But the manner in which elections were conducted remained a matter for local determination and Gorst was but the first of a long line of national party organisers whose exhortations to fight as a party fell in many places upon deaf ears. Moreover, it was difficult even then to be sure just how far the parties *did* intervene in elections, for where they stood aloof—as at Reading—a partisan local press would generally report the contests in party terms, for the party allegiances of the individual candidates were well-known locally.¹¹

The creation of a national system of compulsory education administered by locally-elected school boards in 1870 brought a new intensity to local politics. The exclusion of denominational teaching from the board schools left religious instruction in the hands of the school masters, and this introduced an element of religious division in school board elections. In Leicester for example the polarisation of parties permeated even to the schoolchildren themselves.¹² Yet, while the school board elections were fought largely on denominational lines, these were in practice the lines of party division, with Conservatives identified with the Anglican church and Liberals with non-conformity. Thus, in effect, “the organisers of the two parties became the organisers of the school board elections”.¹³ This activity readily spilled over into local council elections.

Religion aside, the issues which divided the parties were often distinctively local. The provision of gas or water works or the extension of municipal boundaries often served to mobilise local opinion. Issues of economy and a concern for the

⁹ *ibid.*

¹⁰ *ibid.*

¹¹ A Alexander, *Borough Government and Politics: Reading, 1835–1985* (London: Allen and Unwin, 1985) p 169 and more generally for this practice Hanham *Elections and Party Management* p 392.

¹² A T Patterson *Radical Leicester 1780–1850* (Leicester: Simpkin, Marshall, 1954).

¹³ Hanham, *Elections and Party Management* p 388n.

ratepayers' pockets emerged in the 1860s and 1870s as a focus of party competition in many towns but there was no clear association of party label and attitudes to public expenditure; Conservatives in one city played the role of "economisers", in another of "progressives". Where the parties were represented on councils local issues were by no means always approached in a party spirit. In Manchester a moderate bi-partisanship characterised decision-making while in Wolverhampton the alignments were more personal than political.¹⁴ In Oxford in the late 1880s power lay jointly in the hands of the Liberal and Conservative leaders on account of the Liberal leader's "considerable skill to repress his followers whenever they tried to form themselves into an effective opposition".¹⁵ Birmingham set the pace in the politicisation of all municipal issues and its example was followed in Leeds and in a small number of other provincial cities. The underlying force was often electoral interest, not municipal ideology, and local election campaigns were fought from "the desire for party supremacy, the need to keep the party organisation active between general elections".¹⁶

Where party divisions did exist and were carried beyond the elections into the management of local affairs the results could be remarkably divisive. The successive periods of radical and Conservative dominance which followed the 1835 Municipal Corporations Act saw incoming parties anxious to consolidate their position, and it was not uncommon for active politicians to be appointed to the principal salaried post of town clerk. The appointment of such a person became a major political issue in Stockport in 1835, his tenure being terminated when the Conservatives eventually took control of the council in 1847.¹⁷ Similarly in 1844 the town clerk of Bolton was dismissed by the new Conservative administration, remarking that "it was far from his feeling to desire to serve the Conservative party".¹⁸ After 1850 overt political appointments became less common as a convention of administrative neutrality was gradually established. Yet political considerations still played their part, and the Austrian constitutional lawyer Josef Redlich commented in 1903 that the majority party in English towns "commonly insists on appointing a man of its own political colour" to the clerkship although "town clerks are seldom men who have taken an active part in local politics".¹⁹

The period from 1835 to 1890 might be described as an age of cities, for it was in this period that the most rapid growth within existing boundaries occurred.²⁰ Thereafter suburbanisation and the development of the "environs" of cities

¹⁴ For Manchester see Asa Briggs *Victorian Cities* (Harmondsworth: Penguin Books, 1968) and for Wolverhampton G W Jones *Borough Politics: a Story of the Wolverhampton Town Council 1888-1964* (London: Macmillan, 1969).

¹⁵ C Fenby *The Other Oxford: the Life and Times of Frank Gray and his Father* (London: Lund Humphries, 1970).

¹⁶ E P Hennock *Fit and Proper Persons: Ideal and Reality in Nineteenth Century Urban Government* (London: Edward Arnold, 1973). Other important studies dealing in part with urban politics in the middle and late Victorian period include D Fraser *Power and Authority in the Victorian City* (Oxford: Blackwell, 1979) and the same author's *Urban Politics in Victorian England* (London: Macmillan, 1979); P Thompson *Socialists, Liberals and Labour: the Struggle for London, 1885-1914* (London: Routledge and Kegan Paul, 1967); M J Daunt *Coal Metropolis: Cardiff, 1870-1914* (Leicester: Leicester University Press, 1977); J Garrard *Leadership and Power in Victorian Industrial Cities, 1830-1880* (Manchester: Manchester University Press, 1983).

¹⁷ Hanham, *Elections and Party Management* p 393.

¹⁸ *ibid*, p 396.

¹⁹ quoted in *ibid*, p 395.

²⁰ K Young and P L Garside, *Metropolitan London: Politics and Urban Change, 1831-1981* (London: Edward Arnold, 1982).

occurred, with the first signs of incipient decline in the urban population already apparent. Equally, it was a period of social change, with the rise of new middle classes drawing their income from commerce, industry and—of great importance to municipal politics—the professions. Thus the Municipal Corporations Act marked the beginning of a prolonged power struggle between traditional landed power and the rising urban middle class, who found in the town councils a vehicle for their aspirations and a source of civic honour. “Our Corporation” claimed Joseph Chamberlain, then Mayor of Birmingham, “represents the authority of the people”.²¹

Despite this challenge the great landowners themselves often managed to reach fruitful accommodations with the new local leaderships and thus extended for a time their economic and social dominance of civic affairs.²² This was possible because the new middle classes were not universally radical. Indeed, the franchise reform of 1884 and the redistribution of Parliamentary seats that accompanied it strengthened Conservative representation in the cities, particularly in London, where “villa Toryism” was to become a substantial political force. Generally, the commercial classes aligned themselves with the landed interests, while the radical and increasingly collectivist elements who provided the driving force for the extension of municipal functions drew the Liberal party into a closer relationship with working people. The emerging class polarisation of politics and the growth of collectivism meant that much was at stake when, after the mid-1880s, it became apparent that the extension of local self government beyond the cities and boroughs to the shires could no longer be resisted.

THE NEW COUNTY COUNCILS, 1889–1919

The political background

The power and authority of the cities and boroughs since 1835 had grown incrementally. The Municipal Corporations Act conferred no new duties to provide services (although it provided greater permissive powers) and the growth of the cities and their municipal functions came about largely by local initiative. From 1854 to 1870 the central government stood back from this process, the general oversight of local government resting with the largely advisory Local Government Act Office of the Home Office. The establishment of the Local Government Board in 1870 marked the beginning of the historic partnership between central and local government, and the functional growth of the latter came gradually to be achieved less by private acts, and more by public general legislation emanating from the central government itself.

The creation of the county councils under the Local Government Act of 1888 was an innovation of unrivalled importance and marked a watershed in domestic politics. Essentially a Liberal measure, it was adopted by Lord Salisbury's administration ostensibly as the price of the support of the Liberal Unionists. Salisbury's own view was more complex. Opposed to franchise extension, he foresaw that a mass democracy could, by making the welfare of the people the

²¹ Fraser *Power and Authority* p 110.

²² D Cannadine *Lords and Landlords: the Aristocracy and the Towns, 1774–1967* (Leicester: Leicester University Press, 1980). For a comparative appreciation of the accommodation and retreat of large landowners in Cardiff, the Black Country, Southport and Bournemouth see the essays collected in D Cannadine (ed) *Patricians, Power and Politics in Nineteenth Century Towns* (Leicester: Leicester University Press, 1982).

central political issue, lead to the growth of state provision and the development of a centralised and bureaucratic state. The creation of county councils would provide a vehicle for governmental growth while avoiding the risks of centralisation. Other Conservatives were less sanguine and Lord Halsbury, the Lord Chancellor, railed against elected county councils on the grounds that they would become "powerful instruments of a job-seeking and tyrannical radicalism" favoured only by "the permanent doctrinaire officials of the Local Government Board".²³

All recognised that the county councils were the logical outcome of the harmonisation of the borough and county franchise. The uncertainty attached to its political effects. Radicals saw the county councils as a major extension of democracy, capping the franchise extension of 1884. The Chamberlainite *Radical Programme* of 1885 promised that the great work of the new Parliament would be "the crowning of the edifice of local government . . . Then and not till then shall we be able to say that the rights of citizenship exist, and are exercised . . ." County government was to be a major vehicle for welfare, inseparable from the redistributive policies with which the Radicals proposed to capture the votes of the newly enfranchised farm labourers.²⁴

This completion of "the democratisation of local government" was rightly seen as an irreversible turning point:

The principle of representative democracy was henceforth an axiom of British politics. The strategies and skirmishes of parties never again went to the heart of this principle, but only to such details as the size and simplification of areas, the proper relations between the various authorities, the problems of local taxation, the unification and "tenification" of the metropolis and the like.²⁵

This was largely true, and the structural reform of local government was completed by the creation of the urban and rural district councils in 1894 by the Liberal government.

London was a special case. Prolonged disputes over how best to govern the metropolis were temporarily resolved by the creation of a county council for the area of the existing Metropolitan Board of Works. But neither party saw this as a wholly satisfactory solution, and in 1899 the London Government Act rationalised the existing pattern of vestry government and established 28 Metropolitan Borough Councils, paralleling the urban and rural districts and establishing a largely uniform system of local government for England and Wales.

²³ From Cabinet papers quoted in Young and Garside *Metropolitan London*.

²⁴ *The Radical Programme* (London: 1885). For the fears of a radical takeover of the new authorities expressed in the London press see S Drummond "The Election of the First Durham County Council" *Public Administration* Summer 1962. For the general background to the new counties see J Dunbabin "The Politics of the Establishment of the County Councils" *Historical Journal* 6 1963. The House of Lords tempered the challenge to landed interests by the institution of county council aldermen. For the composition of the newly elected councils see Drummond "The Election of the First Durham County Council", J M Lee *Social Leaders and Public Persons: a Study of County Government in Cheshire Since 1888* (Oxford: OUP, 1963) and B J Barber and M W Beresford *The West Riding County Council 1889-1974* (Wakefield: West Yorkshire Metropolitan County Council, 1978).

²⁵ J Redlich and F W Hirst, *The History of Local Government in England* edited by B Keith-Lucas (London: Macmillan, 1970) p 194.

Politics and the county councils

The significance of the extension of local representative democracy was not lost on party managers, but the Conservatives had the greater incentive to pay close attention to the county elections. Lord Salisbury, whose administration was responsible for the successful introduction of the county councils bill, was apprehensive of the result. But his leadership was also marked by an exemplary standard of party management, direct responsibility for which rested with chief whip Aretas Akers-Douglas and national agent "Captain" Richard Middleton. With the first county elections looming in the spring of 1889 Middleton was concerned to ensure that the Conservative interest was properly represented and by October 1888 he was well prepared for a party fight in the shire counties.²⁶ Thereafter Middleton took the lead in pressing Salisbury to throw his weight behind an overt party campaign. He also regularly reported to Salisbury (as had Gorst to Disraeli) on the state of the party in the country as revealed by local election results.²⁷

The first round of provincial county elections in 1889 was highly partisan. This was notably the case in County Durham, where fears had been expressed of working-men candidates overthrowing the grip of the magistracy on county affairs, a prediction that was falsified after an intense campaign.²⁸ In Cheshire too party political concerns predominated in that first election²⁹ while in the West Riding of Yorkshire it was "unmistakably a party affair", with the Liberals taking 57 seats to the Conservatives' 23 and only 10 councillors being elected without major party labels.³⁰ Nationally, 56% of the county seats were contested that year.

The second county elections in 1892 were altogether quieter, and nationally only around 24% of the seats were contested.³¹ In the West Riding contested elections became steadily less frequent, and in 1902 only 12 of the 90 seats were fought.³² This general decline of political competition is partly attributable to the fact that it was inevitably more difficult—both practically and socially—to challenge an incumbent. Where the gentry had successfully submitted themselves to election strong social sanctions operated against a subsequent contest. Moreover, a powerful additional element of stability and continuity was provided by the device of aldermanic election, whereby prominent individuals could be drawn into council business, often in positions of political leadership. At the same time the parties, anxious to avoid the expense of unnecessary contests, tended to establish their respective spheres of influence, encouraged by the generally non-partisan manner in which county council business was conducted. West Riding County Council's first chairman, Lord Ripon, was careful to establish an air of mutual tolerance and accommodation and in this was probably typical of those peers who presided over the councils and who—even in London—had some conception of council business as above the party battle.³³ As a result, there was simply less for parties to fight for.

²⁶ K Young *Local Politics and the Rise of Party* (Leicester: Leicester University Press, 1975).

²⁷ *ibid.*, pp 21, 57–71.

²⁸ Drummond "The Election of the First Durham County Council".

²⁹ Lee *Social Leaders and Public Persons* p 222.

³⁰ Barber and Beresford *West Riding County Council* p 145.

³¹ Lee *Social Leaders and Public Persons* p 228.

³² Barber and Beresford *West Riding County Council*.

³³ *ibid.*

With the transfer of the education service to the county councils following the abolition of the school boards in 1902 county politics became for a time more divisive, and in the West Riding "an increasingly strident note became apparent".³⁴ Religious divisions were however already waning, and increasingly party conflict turned on the ways in which council business was itself conducted. No issue proved a readier or more irksome source of division than the exercise of the powers of patronage that fell naturally to the majority party. In Cheshire "the business of the council and the composition of the committees have always, since the beginning in 1889, been determined by the party political concerns".³⁵ In the West Riding the Conservatives were protesting against their underrepresentation on committees and on the aldermanic bench following the 1910 elections and managed to secure some cross-party agreement on the sharing of spoils by 1913.³⁶ The general principle that the victorious party should take a majority share of committee seats and reinforce its control in the appointment of chairmen came only gradually to be accepted. The use of party nominations to aldermanic vacancies to amplify a narrow council majority or to restore one newly lost—as in the LCC in 1895—never did.

Party politics and the London county council

As so often, London was ahead of the times. Control of the capital city is a political prize of great consequence, with national as well as metropolitan implications. The national party leaderships accordingly took a closer interest in the course of events there. Immediately following the 1889 county council elections Richard Middleton toured the London constituencies at Salisbury's express wish, for despite their Parliamentary dominance in the London seats, the first LCC election had gone badly for the Conservatives. Having already nurtured his party's interest in school board elections, Middleton took great pains to develop it in respect of the LCC contests. Two successive county election defeats in 1889 and 1892 and the loss of office nationally in that latter year were sufficient for him to win over the reluctant Salisbury to approval of a proposal—for which the ground had already been well laid in the constituency associations from as early as 1891³⁷—that not just county, but school board, vestry and guardians' elections should be "a party fight". Metropolitan radicalism had the flavour that Salisbury most dreaded. It had, thanks to good organisation, been largely excluded from the shire counties. But more important was the possibility that a well entrenched radical party in London would shake the Conservatives' hold on the majority of Parliamentary seats there. Salisbury's basic distaste for partisanship in local affairs was outweighed by his recognition that there were larger issues at stake.

Once convinced, Salisbury was, as ever, convincing. Speaking to a great rally at the Queen's Hall on 7 November 1894 he set out the new credo:

We cannot now keep party politics out of local government. I quite admit that I at one time hoped it might be so . . . [but] we were caught asleep. For the future there can be no such mistake. We must not be shy of using all our

³⁴ *ibid.*, p 153.

³⁵ *See Social Leaders and Public Persons* p 222.

³⁶ Barber and Beresford *West Riding County Council* p 159.

³⁷ *Young Local Politics and the Rise of Party* pp 45–7.

political powers and machinery for the purpose of importing sound principles into London government. It is now as much our duty to do so as it is in respect of parliamentary elections, and the success with which, on the whole, we have done it in respect of those elections justifies me in hoping that if we once fairly realise the nature of the opposition we have to meet, the unscrupulous nature of the methods that are used against us, we shall understand that it is as much our duty in all these elections, from the highest to the lowest, to set as a party, and to vote so that our principles prevail, as in the election of Members to Parliament. I hope this meeting may be the beginning of a resolution in all ranks of the party at the cost of any personal convenience, to make our voice heard in every election to which the law invites us.³⁸

Conservative Central Office carefully followed through the aftermath of this speech, holding election conferences throughout London. In South Kensington for example it was agreed that "the obvious and imperative duty" of the Association was to "secure and support candidates for the vestry and boards of guardians who would stand jointly as Conservatives and Liberal Unionists". Lord Salisbury's injunction was cited in support of a decision to fight every one of these local seats on party lines.³⁹

Two important points emerge from this episode. The first is that local elections were seen to be subordinate to national. Party intervention might be regrettable, but it was the necessary price of an effective Parliamentary campaign machine. The second is that national strategic considerations governed these developments, in particular the need to cement the Unionist alliance. That alliance, the product of the Liberal split over Irish Home Rule in 1886, had been placed under strain in the London School Board elections as Liberal Unionists found it difficult to rally behind "church party" candidates. It was principally for this reason that the machine chosen to advance the Conservative party interest in London was an ostensibly non-party body, the London Municipal Society. The Society ran the campaigns, wrote the manifestos and endorsed the candidates, while the party organisation provided the back-up. Liberal Unionists—most notably Chamberlain himself—were prominent in the organisation and Salisbury's 7 November speech was specifically designed to pre-empt Chamberlain's threatened attempt to monopolise the municipal issue and thus build an independent power base in the metropolis.⁴⁰

The development of party control: the LCC as prototype

Neither of the major parties in London campaigned overtly as such. The Liberals, operating as the Progressive Party against the Conservative Moderates, remained in control of the council from 1889 to 1907. Most of the Progressive members of the first council had long records of political activity against the Conservative interest both in school board matters and as members of the leading radical pressure group, the London Municipal Reform League.⁴¹ But Liberal electoral organisation was extremely shaky.

³⁸ *The Times* 8 November 1894.

³⁹ Young *Local Politics and the Rise of Party* p 66.

⁴⁰ *ibid.*, pp 61–4.

⁴¹ Young and Garside *Metropolitan London* pp 35–51, 59–61.

The redistribution of seats in 1885 "turned London upside down. The old organisations, few of which were representative in character, disappeared, and the new constituencies were thrown upon their own resources".⁴² The Progressive party was in the odd position of having no organisation of its own to sustain it in the first LCC election, and its surviving papers clearly demonstrate that its relations with the local Liberal associations and the London Liberal and Radical Union were distant.⁴³

The threat which the Progressives posed to Conservative interests in London lay not in an efficient Liberal electoral machine but in the *elan* and partisan spirit in which they managed the business of the LCC. Their sense of mission—"to secure the millenium by return of post" as John Benn, one of their leaders, put it—appears to have been electorally attractive, even to erstwhile Conservative voters.⁴⁴ The strongest character among the Progressives was JFB Firth, a radical lawyer and local government expert who had since 1880 campaigned for the establishment of a county council for London as an instrument of social reform. His grasp of London issues was formidable and he could well have dominated London politics had he lived. His friends pushed his candidacy for the chairmanship of the Council, but he was regarded with suspicion among the party's national leadership, who contrived to ensure that Lord Rosebery, former foreign secretary and future prime minister, assumed the chair instead.⁴⁵ Firth was then appointed as the fulltime head of the administration and deputy chairman of the council at a salary of £2,000, uniquely combining elective and administrative office in a post he had himself designed. But the post itself—and the salary—was contentious and it was abolished following his early death in that same year.

Lord Rosebery sought to exercise a moderating influence from the chair, but the Progressives pushed home their advantage in the election of the first aldermanic bench. Rosebery advocated a proportionate distribution of aldermanic seats, but Firth persuaded the Progressives to vote *en bloc* for his list and offer only one seat to the opposition. "Party feeling" commented the LCC's historians, "ran high from the beginning".⁴⁶ Indeed, the reason for the Progressives' rejection of the Moderate nominations was the refusal of the latter party to give the sought-for (and disingenuous) assurances that their men were pledged to a list of long-standing radical policies for popular control of the police and the municipalisation of gas and water.⁴⁷

It was in this climate of early partisanship that the political control of the LCC developed. Group meetings, cohesion and the machinery of party discipline were all pioneered here. But they were characterised by two perhaps surprising features. The first is that the party groups on the council

⁴² Quoted in Thompson *Socialists, Liberals and Labour* p 93.

⁴³ For which see Young *Local Politics and the Rise of Party* pp 47–9.

⁴⁴ Sir G Gibbon and R W Bell *History of the London County Council* (London: Macmillan, 1939) pp 83–117.

⁴⁵ *ibid.* For an appraisal of Firth's significance see A McBriar "Sidney Webb and the London County Council" in M Cole (ed) *The Webbs and Their Work* (London: Greenwood Press, 1985).

⁴⁶ Gibbon and Bell *London County Council* p 85. For a sympathetic account of these early LCC years see A G Gardiner *John Benn and the Progressive Movement* (London: Ernest Benn, 1925).

⁴⁷ *ibid.*

developed more slowly than has been supposed. The second is that the development of political control ran along parallel lines in both parties.

Not until the autumn of 1890 did the Progressives begin to hold party group meetings (as we should call them today).⁴⁸ This they did in response to what they supposed to be the practice of their opponents, although on this there is no surviving evidence. Moreover many Progressive councillors deprecated these meetings and preferred "to leave more power in the hands of the council".⁴⁹ The early party meetings were poorly attended and in 1892 ceded a good deal of their power to the "party committee", a twelve man body amongst whom the party leader and whip predominated. In that same year a number of new, more militant Progressives were elected, and the party acquired thereby a greater cohesion and self-discipline. Its own electoral machine, the London Reform Union, was also established in that year and took responsibility for subsequent campaigns.

The next few years saw the gradual ascendancy of the Progressive party committee over the older and less partisan members. One such, a Colonel Ford, regularly opposed the consolidation of power and frequently tabled bipartisan motions at party meetings. His conduct was a matter of continuing concern, and the party whip was temporarily withdrawn from him in 1897.⁵⁰ In return, he attacked the inner circle for having usurped the functions of the party itself. Some of the longer-standing members of the party found it difficult to maintain their position. Lord Farrer, one of the Progressive party's elder statesmen, resigned from the council in protest against "party votes which are often given against the grain" and which "injure" the council. He characterised the council's affairs as "vicious party attack on the one side; and almost equally vicious party eulogy on the other".⁵¹

None of these events went un-noticed by the Moderates, and they probably helped fuel the campaign to present the Progressives as "doctrinaire" and "objectionable". Probably the behaviour of the Progressive group both within the council and in its campaigns to take more power for the council detracted from its public support. Lord Salisbury's subsequent charge of "megalomania" may well have struck a chord.⁵² But the Conservatives were in any case drawing nearer to power and their superior organisation in the 1895 LCC elections deprived the Progressives of their majority. It was at this point that the practice of the majority party taking the bulk of the aldermanic seats payed off. Although the Moderates won one more council seat than the Progressives, the latter were able to remain in power with the support of their aldermen, and reinforced their majority by taking the vacant aldermanic seats to the fury of their opponents.⁵³

⁴⁸ Young and Garside *Metropolitan London* p 61. The source for this account of the internal politics of the Progressive Party before 1893 is the minute book of the party group meetings, loaned to the author by the late Lord Brooke of Cumnor.

⁴⁹ *ibid.*

⁵⁰ *ibid.* The source for party group developments after 1895 is the minute book of the Progressive Party group meetings, 1895-1900 (Greater London Record Office).

⁵¹ Farrer to Sir William Collins 28 March 1897 (Collins papers, University of London senate house library).

⁵² Young and Garside *Metropolitan London* pp 64-86.

⁵³ Gibbon and Bell *London County Council* p 85n.

The success of the Conservatives in the 1895 Parliamentary general election reflected well on the new party arrangements and appeared to vindicate the belief that well-fought local campaigns could pay Parliamentary dividends.⁵⁴ Meanwhile, at the LCC level the Moderates had their own problems of party cohesion. Those of them who were highly placed in the new Municipal Society were arch-loyalists, and an analysis of 39 divisions shows them never to have voted against the Moderate line. But others were less reliable, and a number of those who sat for the east end districts were frequent offenders, voting against the party line on issues on which they appeared vulnerable to local interests.⁵⁵ The more erratic members came under pressure, but the key to better cohesion was the financial support which the LMS was able to contribute to campaigns or withhold according to the political reliability of the candidate.⁵⁶

Repeated attempts were made to enhance the effectiveness of the Conservatives' electoral machine and their campaign tactics, and these efforts eventually paid off in the 1907 LCC election victory that ushered in 27 years of unbroken Conservative rule. The Municipal Reformers (as the former Moderates now called themselves) were quick to consolidate their advantages. Prior to 1907 LCC members had sat where they pleased in the council chamber, but the new regime polarised debate by allocating the Progressives to their own "pen" as John Benn vividly put it.⁵⁷ Changes to question-time procedure were introduced, and the Liberal press published what purported to be an authentic letter from the Municipal Reform whip to committee chairmen, asking them to avoid bringing before committee anything "which can by any means be so twisted as to be used against us".⁵⁸ In 1910 the Municipal Reformers, having survived the election with a small majority over Progressives and Labour combined took all the vacant aldermanic seats.⁵⁹ In 1913 they changed the appointed day for the LCC election to maximise their own electoral advantage.⁶⁰ They proved if anything more adept at political management than had their opponents.

When the Labour party won control of the LCC in 1934, a position it held until that council was abolished 31 years later, it inherited a situation in which the conduct of council business had long been polarised on party lines. Labour brought more system to political management and the leadership style of Herbert Morrison itself became prototypical for the more rigorous forms of Labour urban leadership. Undoubtedly the discipline of Labour groups was tighter than anything which had been achieved before and the new model standing orders placed considerable emphasis on the party group on the council. But the dominance of the whip in London Labour affairs reflected the practices of the Progressive party which it replaced, while the careful management of council business to maximum political advantage echoed much of the practice of the Municipal Reform heyday of 1907–1914.

⁵⁴ Young *Local Politics and the Rise of Party* pp 66–71.

⁵⁵ *ibid.*, pp 72–3.

⁵⁶ *ibid.*

⁵⁷ *ibid.*, p 100.

⁵⁸ *ibid.*, p 101.

⁵⁹ *ibid.*, p 102.

⁶⁰ *ibid.*

THE RISE AND FALL OF THE RATEPAYER MOVEMENT, 1919–1938

The political background

The political context in which local politics were fought out in the years immediately following the Great War differed dramatically from what had been known before 1914. First, there was the rise of the Labour party. The 1906 general election had returned 30 Labour members to the House of Commons, leading the Conservatives to organise a major propaganda campaign against the attractions of Socialism. But the rate of growth of Labour support after 1918, particularly in local elections, was unexpected. Fighting for the first time in the metropolitan borough council elections in 1919, Labour won almost 600 seats and control of 13 of the 28 boroughs. Labour representation on the LCC increased from 2 to 15. There were analogous gains throughout the country.⁶¹ With its new constitution, which provided for a constituency based form of organisation, Labour was to progress rapidly, forming its first (minority) government in 1923 and its second in 1929.

The rapid rise of Labour in local politics was assisted by the widening of the local government franchise under the 1918 Representation of the People Act.⁶² This extended the vote to the wives of most male electors, abolished the property qualification and effectively created a ratepayer franchise, doubling the local electorate (and, incidentally, depressing local election turnout considerably). It was also aided by the experience of mass unemployment. Labour candidates for election to the boards of guardians frequently promised to upgrade the levels of poor relief. This development alarmed Conservatives, who pondered a range of measures to forestall "electoral bribery". The disfranchisement of those in receipt of poor relief was considered, but the course adopted instead led to the most significant of the changes made to the local government system in this period: the abolition of the boards of guardians under the Local Government Act of 1929 and the transfer of their powers to the county councils.

It was soon realised however that with unemployment rates rising even at county level, the problem had not been solved. Nor was it, until the poor law was finally replaced by a national system of administration under the National Assistance Act 1948. Meanwhile, local government was coming to be seen not only as a source of civic improvements and other public goods, but as a source of welfare benefits to individuals and their families. As the housing role of local authorities gathered momentum under the inter-war housing Acts, Conservative concern about the political consequences of Labour's redistributive local policies began to attach to housing rents as well as to poor relief.

⁶¹ Young *Local Politics and the Rise of Party* pp 113–22 and appendix 1; C Cook, "Liberals, Labour and Local Elections" in G Peele and C Cook (eds) *The Politics of Reappraisal, 1918–1939* (London: Macmillan, 1975).

⁶² For the details of the franchise extension see B Keith-Lucas *The English Local Government Franchise: a Short History* (Oxford: Blackwell, 1952).

Throughout this inter-war period Labour steadily displaced the Liberal party as the principal opposition to Conservatism, the political crisis of 1931 and the formation of a national government proving only a temporary setback for the party. The period is characterised by Labour advances—and temporary reverses—in the face of a wide variety of opponents. That the initiative lay with Labour was due both to the party policy of offering as many people as possible the chance of voting for the Labour alternative and to the need for a new party to build its own political infrastructure through the medium of local elections. It looked, as it were, upward from town hall to Westminster and as Jennie Lee put it in 1937 “local elections are the links in the chain by which power can be achieved”.⁶³

The Liberal party itself was seriously split and during the 1920s many Liberals sought refuge in electoral pacts with the Conservatives. The spirit of the wartime coalition was not unimportant in this regard, for it had been emulated in many local authorities where partisan competition was effectively suspended for the duration. The sinking of differences in the face of a common enemy in the wartime years was extended in many towns in the post-war era. Informal electoral arrangements between the major parties, it was hoped, provided some assurance of survival to each and greatly increased the chances of keeping Labour out.

During the long period of the Liberal party's decline from power to obscurity Conservative central office was careful to provide little incentive to its revival through local politics. Electoral arrangements and the formation of ostensibly non-party front organisations provided an attractive means—in some areas at least—of limiting party competition. Only when the Liberals were no longer a political force could Conservative party managers take the risk of alienating other non-socialist voters by campaigning in local elections openly as Conservatives. That point was judged to have been reached in 1938, when the Conservatives were also embarrassed by their loss of political control over the ratepayer movement. This section of the chapter shows how that control was first established and then lost.⁶⁴

The origins of the ratepayer movement

The connection between the national ratepayer movement and the party organisation in London was a close one. Conservative party managers had established a highly effective “front” organisation in the London Municipal Society and they were prepared to allow it, rather than the Anti-Socialist Union, to orchestrate the opposition to Labour at the municipal level, particularly after 1911. To this end the LMS had established close relations with Conservative agents throughout the country, promising advice, literature, and speakers. It undertook a major

⁶³ Quoted in M LeLohe “A Study of Local Elections in Bradford County Borough 1937–1967” PhD Thesis, University of Leeds, 1972.

⁶⁴ The sources for the following account of the rise of the ratepayer movement are principally the records of the London Municipal Society and National Union of Ratepayers' Associations, formerly on loan to the author and currently on deposit at the Guildhall Library, London, the records of the present NURA, and those held at the Conservative central office. A full account is to be found in *Young Local Politics and the Rise of Party* chapters 4 and 5.

publishing programme of its own, for which it established a Department of Anti-Socialist Economics headed by W H Mallock, arguably one of the foremost Conservative theorists of his time. These activities were put on an active footing again well before the cessation of hostilities, and the LMS played an active role in campaigning against Labour in the 1919 municipal elections.⁶⁵

The Labour party was now the principal opponent, and economy in municipal expenditure the ground on which the anti-Labour forces chose to fight. This was a popular issue by 1920, when the grandiose reconstruction plans of the post-war coalition were being rapidly abandoned. The LMS organised a national campaign for the strict control of local authority expenditure, but scrupulously avoided any implicit criticisms of central government's role in placing new duties and expenditure burdens upon the local authorities. In December 1920 the Society decided to drop "London" from its title and to campaign nationally as the Municipal Society. This decision was never implemented, however, and instead the society added to its existing title "and National Union of Ratepayers' Associations".⁶⁶

Early in 1921 the LMS-NURA began publication of a new journal, *The Ratepayer*. It was to remain its principal organ until 1948. *The Ratepayer's* concern was to link up the rapidly growing ratepayer and similar associations in what it described as "the movement against high rates and Socialism in local government". From the beginning it bore the motto "this is not the cause of faction, or of party, or of any individual, but the common interest of any man". In January 1921 the first provincial members were affiliated, ratepayers' associations at Bexhill and Broadstairs. Many others were to follow in the next few years.⁶⁷

The political challenge which the expanding organisation faced was to win the leadership of a burgeoning social movement against public expenditure—and seemingly against government itself—and to channel its energies within the safe bounds of municipal politics. As such, it was moved to oppose other non-partisan bodies such as the Anti-Waste League who had their sights on national government programmes and whose success would be a threat to the national party. This selective support for the campaign against high expenditure meant that indiscriminate affiliation to LMS-NURA could not be permitted. When a ratepayers' organisation applied for affiliation to the new national body a vetting process was set in motion in which the endorsement of the local Conservative agent or chairman was the test of acceptability. A record of criticism of the National Government, the desire to influence policy at the national level, over-zealousness or unreliability at the local level were all grounds for disqualification.⁶⁸

⁶⁵ *ibid.*, pp 127–131.

⁶⁶ *ibid.*, p 129.

⁶⁷ *ibid.* A list of the local ratepayers' organisations affiliating to the LMS-NURA from 1921 to 1935 is given at pp 227–230, but is probably not complete.

⁶⁸ *ibid.*, pp 132–4.

These arrangements appealed to Conservative agents particularly in those areas where it was important to avoid three-cornered contests. A ratepayer organisation, where it effectively acted on behalf of the Conservative party, was advantageous, and the local agents were urged to encourage the formation of such bodies and to "place their skilled services at [their] disposal".⁶⁹ In this way, through the habits of co-operation thereby engendered. Liberals could be induced not "to split the moderate vote in a Parliamentary election".⁷⁰ This appeared to be the predominant view among the professional agents. Contrary opinions were expressed, and the issue really turned on judgements as to whether the Liberal party was still a threat, and therefore to be courted through municipal alliances, or a paper tiger to be easily crushed by outright opposition.⁷¹ Obviously local circumstances were of paramount importance in shaping such judgements.

The bid for independence

In the late 1920s the continued rise in the number of Labour councillors led to the wisdom of the non-partisan policy being widely questioned within the Conservative party. There was considerable dissension in the higher councils of the party, with party chairman JCC Davidson eager to come out fighting as a party against all-comers.⁷² The LMS-NURA was informed in 1927 that this was likely to happen, and agreed to discontinue affiliations and drop the NURA part of the title. In the event, Davidson failed to win the argument and Conservative central office reluctantly conceded that the orchestration of a non-party front should continue. The issue arose again at the 1929 party conference, but the division of opinion among the delegates demonstrated the difficulty of imposing any line that was not adapted to local circumstances.⁷³

The fall of the Labour government and the formation of another National Government in 1931 was decisive. The Labour threat was no longer so great that overt party competition was needed to meet it, while the convergence of the parties made the formation of ratepayer organisations somewhat easier. Moreover, the financial stringency, and the national drive to reduce local expenditure which culminated in the Ray report of 1932 gave a distinct fillip to ratepayer sentiment. Affiliations to LMS-NURA rose steadily, to the extent that by 1933 room had to be made on the LMS-NURA executive for the more prominent of the ratepayers' leaders.⁷⁴ At the same time, local ratepayers' associations began to coalesce into larger groupings, on a county, and eventually a provincial basis. At a meeting of the East and West Sussex, Kent and Surrey federations a total membership of 675,000 individuals was claimed.⁷⁵

A key figure in these developments was J Wharton Hewison, chairman of the East Sussex Ratepayers' Federation. Hewison campaigned vigorously

⁶⁹ A Hand "Mainly Municipal" *Conservative Agents' Journal* December 1925.

⁷⁰ *ibid.*

⁷¹ See eg J T Hughes "The Use of Party Organisation at Local Elections" *Conservative Agents' Journal* August 1923.

⁷² *Young Local Politics and the Rise of Party* pp 143-5.

⁷³ *Daily Telegraph* 22 November 1929.

⁷⁴ *Young Local Politics and the Rise of Party* p 156.

⁷⁵ *ibid.*

for a national movement and published an influential pamphlet entitled *The Revolt of the Ratepayers*. In a discursive speech at Peacehaven in September 1934 Hewison outlined his plans for a great national movement:

The general attitude of the ratepayers' movement is that local government should be really free from anything in the shape of "party politics" and men of all parties should work together in local affairs. This is idealism of course and only possible if all the political parties and their organisations hold aloof from local government elections . . . those who were opposed to the exploitation of local government in the interests of any political party would unite in opposition to the intrusion of party politics into this sphere. But could this body say that in such a case it was still "non political" and unless it was so strong as to overawe all the parties would it be able to accomplish anything without at any rate the unofficial aid of some of the party organisations?⁷⁶

The "non-politicals" Hewison confessed later, "were between the devil and the deep blue sea".⁷⁷

These were forces that could not be contained within the rubric of a notionally London-based adjunct of the Conservative party. By 1935, when Hewison had formed the first provincial council of the ratepayers' movement, he was strong enough to force the issue of separation. It was therefore agreed to separate NURA from the LMS, while maintaining effective policy control over the ratepayer movement through nominations to its council.⁷⁸ From now on the National Union of Ratepayers' Associations was to take sole charge of anti-socialist campaigning in England and Wales outside the county of London. Very rapid growth followed and by the end of 1937 nearly 300 bodies were affiliated to NURA.

Policy differences between NURA and its parent body could not be avoided indefinitely.⁷⁹ First, NURA's own leaders were genuinely independent spirits, who chafed under the tutelage of what was effectively an appendage of the Conservative central office. There were strong personalities on both sides. Second, the ratepayers' leaders believed (as had the Ray committee on local expenditure) that the problem of high rates originated at Westminster with the continuous extension of the statutory powers and duties of the local authorities. National action was therefore indicated, but the LMS leaders were bound to defend the record of their own government on social policy matters. Conflict arose when LMS officers blocked the issue of a NURA statement calling upon ratepayers to organise against such national profligacy.

The NURA leaders recognised that they would have to remain part of a centrally directed campaign against the Labour party or "develop into a [at best] very powerful and lonely organisation". They removed the LMS nominees from their council and moved out of their shared accommodation.

⁷⁶ Quoted in *ibid*, p 160.

⁷⁷ *The Ratepayer* April 1935.

⁷⁸ *Young Local Politics and the Rise of Party* pp 161-3.

⁷⁹ *ibid*, pp 162-9.

They nailed their colours to the mast in November 1938 with a rebuttal of the LMS view that NURA's role was purely municipal and argued instead that there were "defects in the system as a whole".⁸⁰ When the final split came in that month NURA had some 349 institutional members and could claim to speak for the independent movement. This it did with particular vigour under the chairmanship of Lord Howard de Walden. But it had cut itself off from an important lifeline. The large donations from industry on which the LMS-NURA had subsisted were no longer forthcoming; they continued to be channelled to the LMS itself. The NURA had set itself apart from financial security, and the Conservative party had lost its indirect control of the ratepayer movement.

PARTY POLITICS IN THE POST-WAR PERIOD

The political background

The pressures in the interwar years for overt party intervention against Labour had never entirely abated, and with a renegade NURA in the field they were likely to increase. But the war transformed the domestic political situation. NURA itself, unlike the LMS, was incapable of surviving the suspension of operations, for it was a voluntary association, not a political party. When it began work again in 1945 there were only 28 organisations affiliated to it. There was no longer any ground for supposing that the ratepayer movement could offer serious opposition to the Labour party. The Liberal party was itself now in total eclipse and the last inhibition to Conservative party intervention in local elections—the stimulation of Liberal opposition—was removed.

More important, the Conservatives were out of office nationally. Confronted with a centralising Labour government, Conservatives were able to maintain their morale by paying more than due homage to the values of local democracy. Rash promises of a return of the public utilities and hospitals to local control were privately made. The slogan "Town hall, not Whitehall" was coined as a rallying cry. But the road back to power lay through more practical reforms. Lord Woolton, the party chairman, pushed through a series of important reforms that enhanced the role of the ordinary Conservative activist.⁸¹ Recruitment drives and energetic campaigning were designed to revive the party and to confront Socialism on the only territory on which it might be engaged: the local elections. In a series of important speeches Woolton made it clear that there was no longer a place for the independent in local government, for "the trouble is not removed by standing aside like the Pharisees of old". His message and his calculations evoke those of Lord Salisbury's historic speech of 1894:

In April and May 1949 we shall have a miniature general election in the country. In every local government in the country—county, district, borough—there is a prospect of seeing the efficiency of our party machine and testing the steadfastness of the faith of our members. Later on there

⁸⁰ *The Times* 3 October 1938.

⁸¹ J D Hoffman *The Conservative Party in Opposition, 1945–51* (London: McGibbon and Kee, 1964).

will be a Parliamentary election, and I want to make these elections next spring into a battle exercise for the big contest.⁸²

From now on, Conservatives were to fight almost everywhere as such, aided by their own central office local government department, their own party officials, and their own publicity machine. Only in a few places where there were few contests or no real Labour strength could genuinely independent local politics survive.⁸³ After the return of the Conservatives to power in 1951 the impetus to contest local elections slackened. Their local government publication, *The Councillor*, launched in 1948, ceased publication in 1953, only to be revived a decade later.⁸⁴

The poor state of the party in the early 1960s and the loss of two general elections in 1964 and 1966 led to a revival of the immediate post war strategy of beating a path back to power through local election successes. The mid 1960s saw a new intensification of party competition, which culminated in the sweeping Conservative victories in 1967 and 1968, when Labour lost control of many authorities for the first time. While remaining in power until 1970 Labour's response to the scale of these defeats mirrored that of the Conservatives in 1945. It was clear that the party's own base in working class areas was crumbling, party workers were disenchanted, and local parties were dissolving. The response was to seek to rebuild morale by involving activists in policy discussion and regenerating the party from the ward level. Labour's leader on the Association of Municipal Corporations, Sir Mark Henig, pointed the way forward to a renewal of the party through local election activity that echoed in many ways Lord Woolton's own advocacy in 1946–9.

During 1970–71 Labour regained much of the ground lost three years before and more, winning some formerly Conservative-controlled authorities for the first time. The magnitude of the swings and their apparent association with the national standing of the parties called into question whether local efforts made any difference to local election results. Municipal politics, it seemed, had become effectively nationalised.

Whatever the determinants of local turnout and electoral choice—a question pursued in depth in *Research Volume III*—party managers are bound to act as if organisation makes a difference. The reconstruction of the local government system in England and Wales meant that the parties would have to contest a set of elections in 1973 on entirely new electoral districts. This had two implications for the Conservative party. The first was that there were no benefits to be had from incumbency: seats would have to be contested in areas where the party had no experience of contests. The second was that ratepayers' organisations could not be trusted to hold off any challenge from the Labour

⁸² Lord Woolton's opening address to the second local government conference of the Conservative party, Llandudno, 6 October 1948. For a discussion of the evolving party machinery on the Conservative side see Young, *Local Politics and the Rise of Party* pp 179–90. For a comparative survey of both major parties' arrangements see J Gyford and M James, *National Parties and Local Politics* (London: Allen and Unwin, 1983).

⁸³ W Grant *Independent Local Politics in England and Wales* (Farnborough: Saxon House, 1977).

⁸⁴ Gyford and James *National Parties and Local Politics* p 41.

party.⁸⁵ The Labour party itself was faced with a new situation. Its former areas of strength in the non-metropolitan cities were to be absorbed within the new shire counties. It had therefore every incentive to extend its campaign to county seats which in the past would have been fought only as a matter of form; indeed, it was subsequently to form new county Labour parties in order to contest the shires more effectively. The first elections to the new authorities therefore saw a concerted campaign by both major parties in which political uncertainty gave an extra edge to the contests.

Patterns of political control

Three features distinguish the post war period in respect of the political control of local authorities. The first is the consolidation of Labour regimes and the emergence of strong political leadership in the cities. The second is the gradual adaptation of the practice of Conservative party groups on local councils to the point where the two major parties increasingly resembled one another. The third is the persistence of a quite distinct style of decision making in the few independent councils which remained. Each of these trends has contemporary features which are explored in detail in *Research Volume I*, along with the recent emergence of multi-party competition and minority administration. This section of the chapter does no more than establish the background, in the 1950s and 1960s, to the present-day situation.

Many of the changes occasioned by the development of partisan control of local authorities had more direct implications for the decision-making process than for the content of the decisions actually made. In post-war Labour controlled authorities the private meetings of the party group, the establishment of a group line and the enforcement of loyalty often resulted in the adoption of policies which were effectively non-partisan. A careful study of local decision-making in the local authorities of Western South Wales in the early 1950s concluded that Labour control had little impact on policy and that few issues really divided Labour councillors from their independent opponents.⁸⁶ The principal impact of the arrival of Labour majorities was upon the conduct of business and a review of the development of political conventions in Herefordshire, Shropshire, South Staffordshire, Warwickshire and Worcestershire showed that delegation to committees, appointments to the aldermanic bench, to chairmanships, and to committee places all reflected the influence of party on the conduct of council affairs.⁸⁷

Not that there was any one "model" of Labour control. A study of politics in six towns of north-west England during the late 1950s and early 1960s found sharply contrasting styles of political management, notwithstanding the common factor of Labour control. Clearly, party label was an insufficient characterisation of local regimes, and it became common to speak of local political systems as more or less "developed".⁸⁸ Only in a few of the larger

⁸⁵ M Schofield "The 'Nationalisation' of Local Politics" *New Society* 28 April 1977.

⁸⁶ T Brennan, E W Cooney and H Pollins "Party Politics and Local Government in Western South Wales" *Political Quarterly* January/March 1954.

⁸⁷ H Maddick and E P Pritchard "The Conventions of Local Authorities in the West Midlands" *Public Administration* Summer 1958 (Part 1) and Summer 1959 (Part 2).

⁸⁸ J G Bulpitt *Party Politics in English Local Government* (London: Longmans 1967). Bulpitt examined the role of the parties in Manchester, Salford, Rochdale, Middleton, Swale and Macclesfield during the period 1955-60.

cities—Leeds was a notable example—did Labour committee chairmen discharge their duties in what may be termed a “ministerialist” fashion, taking decisions in close association with their chief officers, but accepting the dictates of collective responsibility too when it became necessary for them to do so.⁸⁹

The public image of Labour control was shaped by the few Labour councils that had the most highly developed party systems, and particularly those where “boss” style leaders were dominant. Some—the Braddocks in Liverpool, T Dan Smith in Newcastle, Harry Whatton in Birmingham, Latham and Hayward at the LCC—attracted considerable attention. Their style of centralised decision-taking, strong group discipline and little public consultation drew a great deal of criticism, as did Harry Whatton’s expressed contempt for “Mr and Mrs Ratepayer”. Clement Attlee dubbed the Labour LCC “the nearest thing to a totalitarian state in Western Europe”. Hugh Gaitskell attributed no small part of the blame for Labour’s 1959 election defeat to the authoritarianism of Labour councils and on this issue alone was warmly supported by the left of the party.⁹⁰ The closed, secretive and rigid nature of party decision making in Islington in the early 1960s was plausibly described as “sclerotic”.⁹¹ These regimes all produced their own opposition, although it was not until after the end of that decade that the old disciplinary traditions crumbled before the new middle class liberal-left councillors who were brought to power in the Labour revivals of 1970–71.

Just as Labour groups were dismantling the more authoritarian aspects of their practices (and the new model standing orders of 1973 were important here) many Conservative groups were coming to accept the need to act more collectively and with greater cohesion. Thus the parties began to converge. In Sheffield for example, the Conservative group was poorly integrated, and came only gradually to accept the need for tighter organisation.⁹² For some Conservatives, the experience after 1967 of attempting to manage council business in conjunction with a generation of chief officers who had long been wed to the former Labour majority’s policies underlined the need for a more coherent approach to policy.⁹³ A new and much closer association with the details of administration was being developed in some Conservative controlled authorities, with chairmen accepting “ministerial” briefs, taking policy cues from their leader, and meeting chief officers on a daily basis.⁹⁴

The relations between Conservative groups and the wider party also developed, in some places on lines which much resembled the practices of the Labour party. In Birmingham in the 1960s there were close interlocking relations between the party group and the City Conservative Association, with

⁸⁹ H V Wiseman *Local Government at Work* (London: Routledge and Kegan Paul, 1967).

⁹⁰ For which see K Young, “Political Party Organisation” in G Rhodes (ed) *The New Government of London: the First Five Years* (London: Weidenfield and Nicolson, 1972).

⁹¹ R Butterworth *Politics* (Australasia) 1966. Compare P Chamberlayne “The Politics of Participation: an Enquiry into Four London Boroughs, 1968–74” *London Journal* 4(1) May 1978 pp 49–68.

⁹² W Hampton *Democracy and Community: a Study of Politics in Sheffield* (London: OUP, 1970).

⁹³ *ibid.* See also K Young and J Kramer *Strategy and Conflict in Metropolitan Housing* (London: Heinemann, 1978) for similar difficulties at the GLC.

⁹⁴ J Dearlove *The Politics of Policy in Local Government* (London: CUP, 1973).

the chairman and vice-chairman of the latter sitting on the group executive and policy committees and attending group meetings. Moreover, "the rights, duties and functions of these... officers [were] nowhere discussed or defined".⁹⁵

Prior to reorganisation, a number of county authorities persisted in adopting a wholly non-partisan method of conducting their business. In Cardiganshire, for example, few seats had been contested since the "high tide" year, 1946. Although around one third of the councillors were members of a political party, they did not subscribe to party labels. They were highly secure in their tenure for, in the absence of party divisions, "opposition would imply disrespect".⁹⁶ Leading "elders" had sets of followers, and length of service was the principal basis of authority. Officers were seen as having little influence on decisions, and their appointment was one of the major interests of councillors. The county was characterised by "the politics of connection, of neighbourliness, and acquaintance, family and kinship".⁹⁷ Canvassing was accordingly rife, patronage accepted, and scandals over appointments frequent.

Much of this old style independent politics was extinguished, at least at county level, by the 1973 elections. In England, independents were the largest grouping on only three counties, and formed a majority only in Cornwall and the Isle of Wight. But while the renewed assault of the parties removed most of the vestiges of independent politics, the convergence of the Labour and Conservative parties in matters of political style provided few channels for the expression of the old ratepayer sentiments. Local discontent, especially over rate levels in the immediate post-reorganisation years, continued to erupt. NURA, now alive and well again, retained the genteel style of non-partisan politics and was unable to lead the new revolt of the ratepayers. It found expression instead in the northern based National Association of Ratepayers' Action Groups whose political assertiveness and hard-edged style curiously foreshadowed the changes which were occurring, un-noticed, in the major political parties themselves.⁹⁸

CONCLUSIONS

Other papers in this series of *Research Volumes* have examined in detail the various manifestations of modern local politics. The purpose of this paper has been to review the growth of local politics over a longer period and thereby to place these recent manifestations in perspective. It has been a brief review, the aim being to illustrate by reference to key episodes rather than to provide a comprehensive account. Nevertheless, certain general points emerge, which can be drawn together in these conclusions.

First, party politics in local government is no recent development. Contested elections and the pursuit of national political advantage through local

⁹⁵ K Newton *Second City Politics: Democratic Processes and Decision-making in Birmingham* (Oxford: OUP, 1976).

⁹⁶ P Madgwick et al *The Politics of Rural Wales* (London: Hutchinson, 1973) p 179.

⁹⁷ *ibid.*, p 228.

⁹⁸ N Nugent "The Ratepayers" in R King and N Nugent *Responsible Rebels* (London: Hodder and Stoughton, 1979). See also A J Beith "An Anti-Labour Caucus: the Case of the Northumberland Voters' Association" *Policy and Politics* December 1973.

campaigns pre-date the establishment of county councils in 1889. Indeed, as a Conservative apologist for party intervention noted in 1962, political conflict in the 1830s "was more acute and more abusive than anything we know today".⁹⁹

Second, the political management of council business—as opposed to the political contest of local elections—is a more recent development. Nevertheless many practices which might be regarded as characterising the conduct of business today have their antecedents as far back as the turn of the century, especially in the London County Council. We can find there not only the early (and somewhat hesitant) development of party group discipline but also the consolidation of the grasp of the majority party on council affairs and accusations of abuse of power in their conduct.

Third, and following from this last point, London has consistently acted as the prototype for local politics. It was the early London County Council elections of 1889 and 1892 which convinced those who remained in need of convincing that the political parties must intervene in local elections. And Herbert Morrison's influence on the London County Council in the 1930s, with his emphasis on strong leadership and group discipline, set the pattern for other authorities in urban areas.

Fourth, all the political parties have played their part in the development of local politics. None have stood aloof. The Conservative party's withdrawal from local politics in the 1920s, as the Labour Party increased its dominance, was apparent rather than real. Until 1938 they operated largely through the ratepayer movement on the political calculation that this was the most effective means of countering the more overtly partisan tactics of the Labour party.

Last, the development of politics has been sporadic and uneven. There have been periods of political intensity followed by relative calm. This can be seen in the mid and late 19th Century. The Municipal Corporations Act of 1835 and the Local Government Act of 1888 were immediately followed by a quickening of the political pulse in the boroughs and counties respectively. Subsequently partisanship declined, as evidenced for example in the fall in the incidence of contested county seats by the turn of the century. It might be argued that the period leading up to the local government re-organisation of 1974 and, in Scotland, 1975 was just such a period of relative calm. Thus recent political events no longer appear novel in the light of the longer historical perspective presented in this paper.

⁹⁹ G Block *Party Politics in Local Government* (London: Conservative Political Centre, 1962) p 4.

CHAPTER 4

DIVERSITY, SECTIONALISM AND LOCAL DEMOCRACY

John Gyford

The author of a standard text on British local government has claimed that "local authorities live in exciting times".¹ Certainly few would quarrel with the notion that local government is passing through a period of some turbulence, which has produced as much perplexity and anxiety as excitement. The aim of this chapter is to provide one particular perspective on that turbulence and to suggest that some recent developments within, and debates about, local government reflect a particular set of wider political and social changes and attempts to respond thereto.

Two major changes within British society are identified in the first part of the chapter: in the field of politics, the emergence of a more assertive public attitude towards politicians and professional experts, and in the wider society a shift towards greater fragmentation and diversity. The combination of assertiveness and diversity has produced an increasingly sectionalist politics which sits uneasily with the established institutions of representative democracy.

In the second and third parts of the chapter, attention is paid to the responses of local authorities to this emerging sectionalism. The third part deals with attempts to deal with locally based sectionalism through various schemes that may be broadly characterised as ventures in decentralisation. The fourth part deals with other, non-area based schemes of consultation oriented towards particular sectional interests. In both cases the response can be seen as entailing an extension of democracy beyond the institutions of representation towards more direct participation, albeit as yet in a limited fashion.

The fourth and final part of the chapter goes on to suggest that the perplexities produced by the need for a participatory response to diversity and sectionalism are compounded by the simultaneous emergence of different views about the true nature of local democracy. There is now no universally accepted notion as to the proper nature of local democracy and many of those who use the term are simply talking past one another rather than engaging in a constructive debate about its future.

A CHANGING DEMOCRACY

Political change

An American observer writing in the early 1960s, Stephen Elkin, was struck by the way in which London's local politicians seemed to operate in a wholly different political environment from their counterparts in the United States. Whereas American politicians saw "a heterogeneous electorate most of whose major social and economic differences are politically relevant" the London councillor "saw an electorate which was relatively homogeneous with only one important political cleavage".² That cleavage was class and it was principally expressed

¹ T Byrne, *Local Government in Britain* (Harmondsworth: Penguin, 1981), p. 14.

² S Elkin, *Politics and Land Use Planning* (London: Cambridge University Press, 1974), p. 78.

through a two-party system of local politics. Other possible cleavages, such as those based on ethnicity, neighbourhood, issues and organised interest groups were conspicuously absent compared with their presence in American cities.

Because of their much more simply structured political environment London's politicians believed that once elected they could reasonably be left to "get on with the job".

Councillors in London were not political entrepreneurs. They did not have to engage in a continuous dialogue with their market, the public, to see what would sell and, compared to their American counterparts, had little incentive to invest any significant amount of resources in trying to monitor and mould citizen opinion.³

Elkin's account of London's politics in the early 1960s could have been applied with little change to virtually any other British city at that time. Yet by the time Elkin came to write up his research in 1973 he was already conscious that changes might be under way. He now saw "a citizenry growing more knowledgeable of and involved with local government decision making"; he noted "higher levels of conflict both in and outside of government" and "a changing political culture, manifested in an increase in citizen organization"; and he identified a growing tension arising from "the juxtaposition of a citizenry becoming more concerned with issues and more active in local politics with a set of institutional arrangements and political patterns appropriate to a more hierarchical politics".⁴

With hindsight we can now see that the form of local politics which Elkin witnessed in the early 1960s was about to be displaced by something rather different. This displacement was the product of certain fundamental changes within British society at large from the mid-1960s onwards. British political culture, for example, with its traditional assumptions of respect for, and trust in, public bodies and of deference towards established authority was showing signs of embracing much more questioning, sceptical and assertive attitudes. Consumers increasingly asserted their rights against providers of goods and services and new Commissioners or "Ombudsmen" were set up to respond to public complaints over maladministration in local and central government and the health service. The onset of economic decline began to mean that questions of how resources should be distributed became much more hotly contested now that prizes could no longer be made available for everybody.

The emergence of a more assertive and active public was accorded some form of official recognition by the Central Statistical Office in 1976. In that year the annual publication *Social Trends* contained a new section of statistics devoted to "Social Participation", explaining the innovation with the observation that participation had now become "a significant social characteristic of the present age in British society".⁵

³ *Op. cit.*, p. 114.

⁴ *Op. cit.*, p. x.

⁵ Central Statistical Office, *Social Trends 1976* (London: HMSO, 1976), p. 195.

Those changes had their impact on local politics. Pressure for more public participation for example led to the setting up of the Skeffington Inquiry into Public Participation in Planning which reported in 1969. Amenity societies, residents' associations, tenants' associations and community action groups began to flourish throughout the late 1960s and into the 1970s. Proposals for the siting of various motorways, power stations, mineral workings, reservoirs and, of course, the third London Airport raised local controversy in the areas affected to unheard-of levels of activity and acrimony.

Accompanying the new degree of public assertiveness was a loss of confidence in the professional experts amongst the public and indeed amongst some of the experts themselves. Local government itself had been built up around a structure of professionally oriented departments which purported to offer to the councillors and to the public the best possible—and often implicitly the one and only—professional solution to their problems. Increasingly the professional claims of planners, architects, road engineers, social workers and teachers began to be called into question by a sceptical public informed by a combination of more widespread educational opportunity, investigative journalism in the media and—sometimes the most crucial—their own lay experience of professional solutions.

Between them the rise of local pressure groups and the declining trust in professionalism called into question some of the traditional modes of local authority operations. Councillors in their committees and officers in their departments were not necessarily assumed to be well-informed and well-intentioned; they were sometimes seen as remote and out of touch, pursuing their own party and professional goals at the expense of individuals or localities. In response to this critique local authorities attempted to change their style of operation, to consult more widely and to listen more carefully.

By making procedures more open and accessible to those most affected, councils hoped that policy implementation might actually be rendered speedier since misunderstanding and opposition could be more easily identified and if necessary remedied and accommodated. It has also been suggested that government's willingness to promote wider public participation was, at least in part, motivated by a desire to contain and counter-balance the influence of burgeoning pressure groups.⁶ Such initiatives did not necessarily entail any commitment to greater accountability of decision-making at community level within local authorities, merely a desire for more effective administration and hence, it was assumed, greater public satisfaction.

The history of local government over the past two decades has thus been, in part, one of continuing attempts to supplement the institutions of representative democracy and professional service departments. Public participation, area management, neighbourhood and community councils, consultation and co-option, along with more overtly political initiatives such as Liberal community politics and local socialism, all these ventures which have now gradually accumulated over the past 20 years or so, have shared one common perception. They

⁶ N Boaden, M Goldsmith, W Hampton and P Stringer, *Public Participation in Local Services* (London: Longman, 1982).

have seen the traditional institutions of representative democracy and professional service departments as being insufficiently fine-grained to respond to the variety of interests being expressed at the local level. The simply structured local politics of a relatively homogeneous electorate which Elkin found in London in the early 1960s has been gradually displaced in London and elsewhere by one much closer to that with which Elkin was familiar in America, one in which politicians needed to "engage in a continuous dialogue" with the public, to "monitor and mould citizen opinion" and to act increasingly as "political entrepreneurs" going out into the political market-place as bargainers and negotiators rather than acting as wholly authoritative decision-makers.

Social change

The increasing need for local politicians to operate in a more open and responsive fashion can be seen as a direct reflection of social trends which are leading away from a rather quiescent and largely homogeneous mass society towards one that is both more assertive and more diversified. Such trends are occurring in numerous areas of social life and the necessity for politics to respond to them is in turn only one of many necessary adjustments required of institutions originating in a more stable and predictable era.

Within politics itself such trends have long been apparent in the form of the rise of single-issue politics, with the proliferation of pressure groups at both local and national level, devoted to the achievement of quite particularised goals in such areas as pollution and the environment, sexual behaviour, media policy, animal welfare, homelessness, transport policy, energy policy and disarmament and defence. Mary Whitehouse and Des Wilson, hunt saboteurs and anti-abortionists, Friends of the Earth and Women and Families For Defence all symbolise a form of politics which does not rely on party politics and representative democracy to secure its aims but which pressures, lobbies and campaigns for quite specific goals which often cut across traditional political alignments or are simply not reflected within them. Those traditional alignments too are shifting as two-party politics is challenged by multi-party politics and as traditional class-based voting loyalties are eroded.

Dunleavy, for example, has identified a new line of political cleavage which divides those who rely on the public sector for jobs, goods or services from those whose reliance is on the private sector. He suggests that a voter's self-identification with one or other of the two sectors has contributed to a blurring of the links between class and party.⁷ More generally, in the context of the state of public opinion on key political issues, Young identifies "a country of distinct publics and diverse opinions... a great diversity of sub-cultures."⁸ Meanwhile within the Labour movement, where unity was once seen as strength, there is an awareness of "a growing division of workers into sections and groups, each pursuing its own economic interest irrespective of the rest" with the result that

⁷ P Dunleavy, "The political implications of sectoral cleavages and the growth of state employment", *Political Studies*, xxviii (3 and 4) 1980, pp. 364-83 and 527-49; P Dunleavy and C T Husbands, *British Democracy at the Crossroads* (London: Allen and Unwin, 1985).

⁸ K Young, "Shades of opinion", in R Jowell and S Witherspoon (eds.), *British Social Attitudes: the 1985 Report* (Aldershot: Gower, 1985), p. 31.

whatever the "material and moral reasons for solidarity... there is not much doubt that sectionalism is on the increase".⁹

In terms of social structures, changing patterns of employment, the return and apparent persistence of unemployment, the growing number of working women and the expansion of the informal economy increasingly complicate the traditional relations between work, class and life-style. The existence in some areas of substantial ethnic minorities adds a further element of complexity. Amongst these ethnic minorities meanwhile the concern of an older generation for integration and assimilation has been challenged by attempts to assert specific minority rights. In some cases this has taken the form of political activism within the established party system; in other cases it is expressed in the form of more separatist strategies entailing own language teaching, religious schools and bans on trans-racial adoption.

Family and household structures increasingly show greater variety, as evidenced by the growth in common-law marriages, single parent families, and serial monogamy arising from increasing divorce and re-marriage and producing complex extended family networks. Religion, too, shows an increasing degree of diversity with a rapid growth of differing sects and faiths both within and outside the Christian tradition and with mosques replacing chapels and synagogues in some areas.

Economically the increasing diversity of society is reflected in the growth of specialist shops, of direct-mail targeting and of moves towards customised production rather than standardisation. Department stores become assemblages of boutiques and franchise operations; large corporations—and indeed local authorities—are broken down into identifiable profit centres and cost centres. Large scale heavy industries, particularly engineering, vehicle manufacture and metal working, show continued declines in employment, especially amongst manual workers. Small worker co-operatives undergo a massive expansion, from barely two dozen in 1975 to 1,000 in 1985; self-employment, at 9.5% of the workforce, reaches its highest level in sixty years.

In the media special interest magazines proliferate, whilst local and now community radio comes to be taken for granted: the impacts on social identity of cable and satellite television, of cassettes, videos and computers remain to be fully seen. In the field of welfare the voluntary sector expands and diversifies. Self-help and mutual aid groups arise to cater for specific problems, disabilities and disadvantage amongst particular sections of the community.

Taken together these changes amount to a move away from a society with a large degree of consensus on interests and values, towards a more diverse and fragmented society within which there are asserted a plurality of sectional interests and values. This is not to imply that the nature and the degree of diversity is everywhere the same: there is, as it were, some diversity in the incidence of diversity; and that in turn will mean that different localities will experience different pressures to accommodate diversity. Nor is it implied that each of the contending interests and values necessarily commands the same degree of resources and

⁹ E Hobsbawm, *The Forward March of Labour Halted?* (London: Verso, 1981), p. 14.

respect. It does however follow that the role of politics increasingly becomes one of brokering, facilitating and arbitrating among the contending interests and values rather than one of summoning up some universal "general will". The political problems of a society increasingly characterised by such sectionalism have been summarised by Toffler:

On all sides, countless new constituencies, fluidly organized, demand simultaneous attention to real but narrow and unfamiliar needs... In a mass industrial society, when people and their needs were fairly uniform and basic, consensus was an attainable goal. In a de-massified society... the diversity in any congressional district or parliamentary constituency... is so great that its "representative" cannot legitimately claim to speak for consensus... What then happens to the very notion of "representative democracy"?¹⁰

The answer which Toffler gives to his own question about the fate of representative democracy is that it will need to be supplemented by a substantial devolution of power and by a measure of participatory democracy. In the context of British local government it is possible to identify two sets of initiatives which appear to recognise such a need for elements of devolution and participation. One is the attempt to develop new forms of local administration and politics which might collectively be subsumed under the title of decentralisation. The other is the attempt to develop mechanisms of consultation embracing a range of sectional interests.

DECENTRALISATION

The origins of area-based services

A number of initiatives were taken during and after the late 1960s which focused on areas smaller than the local authority itself and which were thought thereby to be more sensitively attuned to the needs of specific localities. Despite their diversity these initiatives shared a common assumption as to the significance of spatial patterns of need, seeing the inner city problem as consisting of "multiple deprivation among small residual groups in small inner city areas".¹¹

The first such recent initiative was that of the *Educational Priority Areas* in 1967-8, with special building programmes and special salary supplements to teachers being made available in deprived areas. In 1968 *Urban Programme Priority Areas*, defined on the basis of such indicators as overcrowding, family size, unemployment, children at risk and immigrant population size, were made eligible for grant aid on a 75:25 basis by central and local government, with particular emphasis on meeting the needs of children. The *Community Development Projects* of 1969 aimed at improving the co-ordination and delivery of services and at drawing on community self-help in 12 selected areas, with hopes of somehow reversing what was interpreted as a cycle of cultural deprivation within the localities. *Comprehensive Community Programmes* were introduced in 1974 with the aim of redirecting existing policies and programmes into specifically identified areas of acute need. In the same year *Housing Action Areas* were established as a means of emphasising policies of rehabilitation rather than

¹⁰ A Toffler, *The Third Wave* (London: Pan Books, 1981), p. 420.

¹¹ S Laurence and P Hall, "British Policy Responses", in P Hall (ed.), *The Inner City in Context* (London: Heinemann, 1981), p. 101.

wholesale urban renewal: they focused particularly on areas of social need and were thus more selective in character than the *General Improvement Areas* which had been introduced in 1969.

Such area-based ventures in the field of urban policy were paralleled by developments in the social services. The Seebohm Report on Local Authority and Allied Personal Social Services in 1968 identified a need for improved service co-ordination in areas of acute social need and urged the development of area teams of social workers with a substantial measure of authority delegated from the centre. Some social workers in the 1970s attempted to re-cast their work in the form of community work which aimed to enable local communities "to develop skills and confidence in their ability to represent their own affairs with the result of increased independence and decreased apathy".¹² In 1982 the Barclay Report on the role and tasks of social workers urged the development of community social work combining decentralised patterns of organisation with voluntary provision and informal care, a style of social work already being pioneered at that date under the term of "patch" working.

The relevance of an area basis for local authority operations was also seen to extend beyond the confines of inner city policy or social work into the wider field of council service delivery. In 1971 the then County Borough of Stockport, as part of a shift towards a more corporate form of management, introduced an area-level of organisation within the authority, involving the establishment of area committees of councillors and gearing the co-ordination of services more closely to the needs of specific geographical areas. Two years later the Department of the Environment's Inner Area Study in Liverpool, to some extent building on the earlier work of a Shelter Neighbourhood Action Project (SNAP) in Granby, commended the notion of area management and proposed an experiment in that field which began in 1974 in Liverpool's so-called District D which overlapped part of the SNAP Granby project area.

Following these early initiatives the Department of the Environment launched, in September 1974, trials of various area or neighbourhood management schemes in six local authorities—Dudley, Haringey, Kirklees, Liverpool, Newcastle and Stockport. Three of these schemes entailed area management focused on a single priority area, namely those in Dudley (Brierley Hill), Haringey (Green Lanes) and Liverpool (District D), and subsequent analysis suggested that the impact of such pilot schemes was not great enough to be of any real significance. In other authorities however there was more of an across-the-board approach.¹³

In Newcastle, for example, there were set up in roughly half the city 12 ward-based Priority Area Teams consisting of all the ward councillors—normally three city and one county—and officers from the Housing, Planning, Social Services and Education departments: each team operated slightly different forms and degrees of public involvement via public meetings and links with

¹² Quoted in R Means "Decentralisation and the Personal Social Services", in R Hambleton and P Hoggett (eds.), *The Politics of Decentralisation: Theory and Practice of a Radical Local Government Initiative* (Bristol: School for Advanced Urban Studies, 1984), p. 84.

¹³ R Hambleton, *Policy Planning and Local Government* (London: Hutchinson, 1978); K J Harrap, T Mason, C A Vielba and B A Webster, *The Implementation and Development of Area Management* (Birmingham: Institute of Local Government Studies, 1978).

voluntary organisations. The teams each commanded budgets of £40–50,000 a year for local projects and in addition sought to influence the policies of mainstream departments and committees towards their respective areas.

In Stockport the original scheme of 1971 underwent changes as re-organisation of local government in 1974 doubled the population of the “new” metropolitan district. Thereafter a system of eight area committees was set up, each covering two or three wards and containing populations varying from 24,000 to 49,000. The committees were composed of the district and county councillors who represented each of the areas’ component wards. The functions of the committees embraced the making of observations on planning applications, participating in the preparation of local plans, suggesting schemes for environmental improvement such as traffic management schemes or conservation areas, and identifying expenditure priorities during the council’s budget making process. Additionally, officers designated as area co-ordinators were charged with the four tasks of co-ordinating services and projects in the areas, providing local information services, servicing the area committees and promoting community development.

The promotion of community development was perhaps a particularly significant component of the Stockport experiment since the latter also involved the setting up of 22 community councils across almost the entire borough. These bodies, elected at annual public meetings on a non-party basis, were designed to express local views to the area committees, to identify local needs and where appropriate to encourage community self-help activities. Stockport thus attempted to combine service co-ordination at area level and area-focused political inputs from elected councillors with wider public involvement through the elected community councils. It was not alone in its concern for the latter, since the 1970s also saw other attempts at such grass-roots involvement which were not explicitly associated with the area management trials.

The notion of community councils, for example, albeit not on the Stockport model, became enshrined in legislation in the course of local government reorganisation when they were introduced into the system of local government in Wales and Scotland. Such bodies, elected in the conventional manner, were given no statutory duties; their purpose was to reflect local opinion and, since they were not to be subject to the constraints of *ultra vires*, to take on any small tasks necessary in their localities. The government saw them as combining the virtues of both a representative body and an active voluntary organisation. Community councils covered comparatively small populations, rarely more than 10,000, but were not to be confined to rural areas: Glasgow, for example, now has some 94 community councils, serviced by a central Community Council Resource Centre.

In England the pre-existing parish councils have performed similar functions in rural and semi-rural areas to those of the community councils in Scotland and Wales. They are, though, more closely regulated by statute as to their duties and powers: their right to be consulted on planning applications, however has made them at times into significant focal points of local controversy, especially in those parts of England where pressure for development has clashed with conservationist sentiment. In the decade since re-organisation they seemed to become increasingly lively bodies, within their limits, particularly as some rural and

semi-rural areas began to experience the stresses of growth associated with "counter-urbanisation"—the movement of population away from the conurbations into the villages and small towns.

The major urban areas of England have remained unparished, a situation which had led to the creation in 1970 of an Association of Neighbourhood Councils. This body sought to secure statutory provision for the creation of, in effect, urban parish councils; meanwhile it encouraged the formation of non-statutory neighbourhood councils. It was unsuccessful in the first of these aims: as to the second, over 200 neighbourhood councils were established on rather varying bases in different parts of the country. A third were directly elected by those on the electoral register either by ballot or at public meetings: the remainder tended to function more as loose-knit voluntary associations. In the case of a few small towns neighbourhood councils became the initial step towards securing parish council status.

The growth of micro-level politics in the major cities during the 1970s was often associated with the phenomenon of community action, described by Richard Crossman as a process of encouraging a local community to "pull itself up by its own bootstraps".¹⁴ One of its practitioners saw it as being "about people in deprived areas looking at their own problems and seeking their own solutions" and doing so in ways which might involve not only bargaining and persuasion but also campaigning and direct action.¹⁵ Often community action called into question the legitimacy of the councillor and queried the validity of the professional expertise of local government officers. The movement's "house journal" *Community Action* provided a vivid mixture of exposés of the alleged indifference and incompetence of councils alongside practical advice on organising, demonstrating, publicising and lobbying to get things done. It also had an acknowledged impact on the style and tactics of the Liberal Party's community politics strategy which was developing during the 1970s.¹⁶

Community action itself was to become radicalised by the experience of the Community Development Projects which had been set up by the central government in 1969 as one of a number of initiatives to combat urban poverty. This radicalisation arose partly through criticisms of the Home Office's direction of the projects, partly through the predispositions of radical activists working in some of the projects (eg North Tyneside, Benwell, Coventry and Newham), and partly through the development of a network of inter-project organisations such as the Consultative Council, the CDP Workers' Organisation, the CDP Political Economy Collective, and the CDP Information and Intelligence Unit, which enabled the exchange of experiences and ideas between projects. Loney suggests that the Coventry CDP was an especially significant source of radical initiatives, having "a considerable impact on the future direction of CDP".¹⁷ Coventry's particular contribution was to argue increasingly from 1972 onward "that the CDP should shift its attention from the symptoms of deprivation and its victims,

¹⁴ R H S Crossman, *The Diaries of a Cabinet Minister*, Vol. 3 (London, Hamish Hamilton/Cape, 1977), p. 126.

¹⁵ S Baine, *Community Action and Local Government*, (London: London School of Economics, 1975), p. 17.

¹⁶ J Smithson, *Community Politics Manual* (Hebden Bridge: Association of Liberal Councillors, 1977), p. 3.

¹⁷ M Loney, *Community Against Government* (London: Heinemann, 1983), p. 96.

to its causes... to a 'structural' analysis of social problems".¹⁸ This broadening of horizons eventually applied not only to modes of understanding the problem but also to modes of dealing with it. By 1975 the Coventry CDP was arguing that community level activity was unlikely to succeed unless it linked up with broader political activities, joining neighbourhood, workplace and party politics. From such an analysis there grew one of the strands of Labour's local socialism of the 1980s.

Thus by the end of the 1970s there had accumulated a number of experiments in area-level administration of local services; there had also emerged, in the form of community action, a measure of micro-level local politics, largely outside the confines of the normal arena of party politics but in due course having a clear influence on Liberal and Labour strategies for local government in the forms of community politics and local socialism respectively.

Community politics and local socialism

As a form of vigorous doorstep campaigning with an emphasis on regular contact with voters through frequent newsletters and on skilful handling of local issues, community politics emerged in the Liberal Party in the 1960s, to be formally adopted as a primary party strategy in 1970. Its adherents have, however, always seen it as more than a form of electoral campaigning: Liberal-controlled councils, it was argued, would devise new forms of local accountability. In 1969 Michael Meadowcroft MP, then a Liberal councillor, described this role as being "the encourager of a measure of direct democracy and the channel of effective participation by the people".¹⁹ The 1970 Liberal Assembly resolution which endorsed a community politics strategy spoke in similar terms: it saw the role of Liberal activists as being

to help people in communities to organise to take and use power, to use our political skills to redress grievances and to represent people at all levels of the political structure.

Such a strategy envisaged combining representation with direct participation and it was presented in the Assembly resolution as a "dual approach to politics", one which entailed "working both inside and outside the institutions of the political establishment".

The Labour Party was slower to move towards a more participatory style of local politics. Where it did so there was the raw material for conflict with the Liberals, as for example in Hackney where the parties clashed over the nature of representation on proposed Neighbourhood Committees, the Liberals preferring direct elections rather than co-options from tenants' and community groups as proposed by Labour. The particular conflict between the Liberals and the Labour Party in Hackney may be seen as part of a wider clash between community politics and a more recently developed local socialism which also lays stress on greater decentralisation.

¹⁸ J Higgins, N Deakin, J Edwards and M Wicks, *Government and Urban Poverty* (London: Blackwell, 1983), p. 33.

¹⁹ Quoted in G Lishman, *Community Politics Guide* (Manchester: North West Community Newspapers, 1975), inside cover.

Labour councils which have recently attempted to set up new decentralised structures have been motivated partly by a desire to restore people's faith in local services, the better to rally their support at a time when such services have been seen as in danger from financial cut-backs. They have also seen a potential in decentralisation for creating, through greater accessibility and accountability, a more confident understanding by the public of how decisions are made and of how they themselves could make at least some of these decisions. It becomes, in the words of one of Walsall's neighbourhood officers, a form of political education in which people learn to have "a little less faith in the experts and a bit more in themselves":²⁰ the hope is that local government will become "a place for political education, where the individual can learn to understand his/her own democratic power—where socialism could flourish".²¹

The emergence of community politics and local socialism as distinctive approaches to local government has been bound up with various developments in the Liberal and Labour parties' own strategies and ideologies. In attempting to understand these developments it is helpful to look at community politics and local socialism side by side, as it were, since this highlights both apparent similarities and actual differences between these two decentralist schools of thought.

The two forms of politics certainly seem to parallel one another in certain respects. For example, both are concerned with building up political support, albeit in rather differing ways. Thus the "advice centres, community newsletters, petitions, action groups and grumble sheets" of community politics have "become largely associated in Liberal minds with the fighting and winning of council seats".²² For local socialism the process of building support is seen not so much as a question of doorstep electioneering as of building a "new coalition" embracing such groups as environmentalists, ethnic minority organisations, the women's movement and tenants' and residents' associations who have previously been overlooked in a concentration on electoral politics. It is thought that their cultivation at the local level might help not only to reverse the decline in Labour's popular support revealed in the 1979 general election and again in 1983, but also to build a new constituency for the party as its traditional base amongst the industrial working class becomes eroded by de-industrialisation and the decline of blue-collar employment within the labour force.

In neither case, however, is the process of building political support seen as an end in itself. Thus one of the theorists of Liberal community politics goes as far as to argue that it "is not and never has been a means of winning elections... [but] is the process by which a community articulates its objectives and takes measures to determine its own future": the Liberal role is "to act as the catalyst in the process".²³ Meadowcroft talks of "the task of raising the political consciousness of the people... It is only thus that the latent compassion and neighbourliness can be realised".²⁴ In the case of local socialism David Blunkett shows a similar concern with "not paternalistically doing things for people but throwing our weight behind them... to do what they want to do in their way in

²⁰ Quoted in J Seabrook, *The Idea of Neighbourhood* (London: Pluto Press, 1984), p. 142.

²¹ J David, "Walsall and decentralisation", *Critical Social Policy*, vol. 7 1983, p. 75.

²² S Mole, "The Liberal Party and community politics", in V Bogdanor (ed.), *Liberal Party Politics* (London: Oxford University Press, 1983), p. 260.

²³ B Greaves, "The future of community politics", *New Outlook*, 20(2) 1980, pp. 15 and 17.

²⁴ M Meadowcroft, *Liberalism and the Left* (London: Liberator Publications, 1982), p. 3.

their community".²⁵ As for raising consciousness, this, too, is an aspiration of local socialism, but it manifests itself in the more specific terms of the "development of socialist consciousness", and of "shifting the general climate of opinion to the left".²⁶

The building of political support and the raising of popular consciousness thus imply rather different things to community politics and to local socialism. The differences confirm McDonnell's assertion that "Decentralisation is politically neutral... What is crucial is the form of decentralisation and the political philosophy behind it".²⁷ In the case of community politics its exponents are clear that it is linked to "the traditional Liberal belief in the value of the individual... powerless in the face of big bureaucracy" and is "orientated to the maximum individual freedom within the greatest possible degree of local autonomy, consistent with representative democracy".²⁸ For Labour, however, the aim is to make a local reality for the more libertarian and democratic of socialist values. This is partly in order to defend existing socialist gains, since

No one will easily defend a socialist principle (like for example direct labour) if it is encapsulated in a service (like council housing repairs) which is paternalistic, authoritarian or plain inefficient.²⁹

Additionally however there is also seen the possibility of using decentralisation in local government "to create an administration which might prefigure a wider socialist society".³⁰

Such a prefigurative politics, aiming at creating new models of decentralist socialism, reflects a disenchantment with the traditional model of British socialism, with its trust in a benign but centralised state. An enthusiasm for worker's control, co-operatives and decentralisation grew apace throughout the 1970s and into the 1980s. The notion of decentralisation did not appeal solely to those on the left, but many of their spokesmen embraced it eagerly, agreeing with Ken Livingstone that "there is no way you can impose socialism from above... it has to be built up from below if it is to last".³¹

The sources of this decentralist enthusiasm in Labour's ranks lay variously in disillusion with central government economic planning, in the participative political perspectives developing within environmentalism and the women's movement and in a general mood of unease on the left concerning centralised socialism in all its forms. The centralised state had become identified as one of *The Liabilities of the Left* in a pamphlet of that title written in 1979 by one of the

²⁵ D Blunkett, "Towards a socialist social policy", *Local Government Policy Making*, 8(1) 1981, p. 102.

²⁶ P Leeson, "Capitalism, statism and socialism", in M Prior (ed.), *The Popular and the Political* (London: Routledge, 1981), p. 16; C Clarke and D Griffiths, *Labour and Mass Politics* (London: Labour Co-ordinating Committee, 1982), p. 5.

²⁷ K McDonnell, "Decentralisation: progress in London", *Local Socialism*, January/February 1983, p. 4.

²⁸ R D Blackmore, "Community politics: its history and purpose", *New Outlook*, 24(1) 1982, p. 17; S Mole, "Community politics revisited", *New Outlook*, 20(6/7) 1980, p. 19.

²⁹ D Blunkett and G Green, *Building from the Bottom* (London: Fabian Society, 1984), p. 2.

³⁰ *ibid.*

³¹ Speech at Socialist Society Summer School, London, September 1982.

editors of the magazine *Local Socialism*.³² Peter Hain, a convert from community politics to local socialism, similarly felt that socialism itself had "become too identified with top heavy decision-making, with bureaucracy and alienation. In short... with statism".³³ The answer to such problems was to develop a more decentralised model of socialism, of which local socialism might form both an example and an initial component.

Clearly such a socialist aspiration necessarily distinguishes local socialism from community politics as a vehicle for liberalism. Liberal community politics in operation, in Liberal controlled councils such as Liverpool, Medina, Hereford, and Wyre Forest has blended policies of open government, participation, environmental conservation and management efficiency. It can be seen as in itself introducing an element of diversity into a previously bi-polar political continuum and providing

... another dimension of political choice which is concerned less with privatization and low spending versus state control and high spending, and more with questioning centralized, secretive decision-making, socially exclusive housing and with the extent to which the state should look beyond the immediate material needs of the citizens.³⁴

Current decentralisation experiments

Attempts have been made in recent years to translate into practice the aspirations of both community politics and local socialism. These experiments sometimes evoke memories of the area management and other area-based schemes of the 1970s but they are now conceived in more explicitly political terms by Liberal and Labour councillors.

An example from the Liberal camp is provided by the London Borough of Richmond-on-Thames, which came under Alliance (effectively Liberal) control in November 1983, following two by-election victories. Three initiatives have been launched which might be regarded as in line with the philosophy of community politics, namely area consultation, area housing management committees and mobile council offices. Area consultation meetings have been set up for 10 areas of the borough on a twice-yearly basis; ward councillors, committee chairmen and the leader of the council are present to discuss local issues with members of the public. Area management committees for housing will be seven in number, each containing six elected tenant representatives and four councillors; they are to meet quarterly—from spring 1986—and are to be empowered to make comments and recommendations to the Housing Committee on matters of housing policy and estate management. The mobile council office scheme began in January 1985: two caravans are each sited on a "same day, same place, same time" basis in specific localities; they are staffed by officers from the Housing, Finance and Social Services departments but are able to advise and assist across the whole range of council services.

³² V Anderson, *The Liabilities of the Left* (Southampton: Clause 4 Publications, 1979).

³³ P Hain, *Neighbourhood Participation* (London: Temple Smith, 1980), p. 203.

³⁴ R Pinkney, "An Alternative Political Strategy? Liberals in Power in English Local Government", *Local Government Studies*, 10(3) 1984, p. 82.

Turning now to experiments launched from the Labour side there have been attempts by a number of Labour councils to devise workable forms of decentralisation as part of their broader programme of "local socialism". Following pioneering work in Walsall, where 32 neighbourhood offices were opened between 1980 and 1982, a number of other Labour authorities committed themselves to a similar course. Camden, Greenwich, Hackney, Haringey, Islington, Lambeth and Lewisham in London and Basildon, Birmingham, Manchester and Sheffield have all been involved in such initiatives in the past few years.

There have been considerable variations in the ways the different authorities have approached the subject. In London, for example, these variations have encompassed the range of services to be decentralised (usually housing, sometimes also planning, welfare rights, personal social services and environmental health); the number of local areas around which services might be organised (24 in Islington, 14 in Camden, five in Lewisham); and the consultation procedures employed in launching the schemes (with varying degrees of fluidity or firmness in the proposals put before the public). Problems encountered have included suspicion, and sometimes resistance, from unions and council employees; the costs of such schemes at a time of pressure on local authority expenditure; and the possible nature of local level political representation and/or control. On this last point the prevailing attitude seems to have been that "local people will only participate when they can see services working at a local level. Setting up area committees before getting service delivery right is a recipe for disaster".³⁵ The emergence of such problems has meant that the pace of advance has been varied, with Islington opening 15 multi-service neighbourhood offices during 1985, with nine more planned for 1986. In other boroughs such as Lambeth the initial emphasis has been on single-service decentralisation: by mid-1985 Lambeth had opened 32 neighbourhood housing offices. In boroughs such as Hackney and Haringey the programme came up against difficulties of industrial relations, Labour group internal politics and finance which have severely impeded progress.

Outside London the pattern and the pace has also varied. Birmingham for instance, between May 1984 and July 1985, set up 12 area committees consisting of the local MP, county and district councillors and representatives of local community groups and voluntary organisations, which have been given an advisory role in local planning matters. Plans were also in hand for the first 12 of an eventual 39 neighbourhood offices, one for each ward. In addition the council was putting proposals to the Local Government Boundary Commission for the creation of 83 Parish Councils covering the whole of the district's area. In a rather less ambitious programme, Sheffield had by 1985 set up 15 area housing committees with tenant representatives and had established two neighbourhood forums as pilot schemes. Each forum, serving a population of about 11,000, contains councillors, council officers and representatives from tenants', residents', youth, parent and church groups and each is initially being involved in discussing what their powers and functions should be in the future scheme of things.

The experiments in area-based decentralisation have had a mixed reception, for

³⁵ T Millwood, Leader of Hackney Council, quoted in *Going Local?*, no. 3 (1985), p. 15.

they can be seen as a potential threat to the interests of a number of people.³⁶ Officers in service departments may see them as a threat to their status and prospects: career structures may be interfered with, professional skills may be devalued in an emphasis on multi-service team work, senior officers at the town hall may feel that junior officers in the neighbourhoods are beyond their reach, staff may feel themselves more exposed to public scrutiny and criticism. The trade unions may have worries about new working conditions, about suggestions for more flexible working hours to suit the needs of local residents, about relations with voluntary workers, about new semi-pastoral roles being imposed onto conventional job descriptions. Attempts to involve the unions in decision-making over the possible forms of decentralisation may merely compound the difficulties if the unions, following a conventional negotiating rather than policy-making role, attempt to use their involvement in decentralisation as a counter in quite unconnected industrial disputes. Councillors may fear that somehow they will lose control of the machine, that whilst still legally responsible, they will be in some respects less effectively powerful. At the same time the normally dominant role accorded to interactions between committee chairmen and chief officers may become challenged by the relations developed at area level between backbench councillors and junior staff, who may seek a more influential role based on their local knowledge and commitment. The possibility of area-based budgeting may also be seen as a threat, not only to the established allocations to departments and committees but also to the levels of services in those areas which might come to be identified as hitherto over-endowed compared with less well favoured areas. Political parties may worry that in some areas local committees will pass into the hands of their opponents, that manifesto commitments may become harder to fulfil as resources are dispersed outside the town hall, that the party itself may become less relevant as a "go-between" when local people can deal directly with the council's local office. Even local groups may be fearful of one another's political influence—blacks worried by the role of white-dominated tenants' associations in determining housing allocations for example.

The perception of decentralisation as something of a threat to particular groups within local government is not wholly surprising. Traditionally local authorities have been managed on the basis of three key organising principles—functionalism, uniformity and hierarchy.³⁷ Area-based decentralisation threatens to cut across functionally organised departments and committees and to call into question the notion of uniformity of treatment, of a common standard of provision throughout the whole area of an authority. Simultaneously, by potentially dispersing information, influence and maybe a measure of power away from the centre they bid to subvert, or at least to circumvent, the traditional hierarchies of a department or of a majority party group.

Decentralisation is not however the only development which departs from the traditional practices of local authorities. Attempts to respond to sectional

³⁶ cf. R Hambleton and P Hoggett, *op. cit.*; S Gregory, *Decentralisation in London* (London: Greater London Council, 1985); *Going Local?* newsletter.

³⁷ J D Stewart, "The Functioning and Management of Local Authorities", in M Loughlin, M D Gelfand and K Young (eds.), *Half a Century of Municipal Decline 1935–1985* (London: Allen and Unwin, 1985), pp. 99–100.

demands from within local communities have also entailed a series of experiments in various forms of consultation.

CONSULTATION

Local socialism has been associated with the perceived need for Labour to construct a "new coalition" of various interest groups in order to rebuild itself as an effective political force, in a world in which "increasingly people are themselves aligned to one of these smaller groupings rather than in the sort of broad class concepts that people saw themselves [in] thirty years ago".³⁸ A concern for a wider consultation with, and a greater accessibility to, ethnic minorities, women's groups, tenants' associations and a variety of community groups has clearly been in accordance with this strategy. Liberals have also been conscious of the need to respond to a society composed of a variety of individuals or geographical communities. Thus one of the pioneers of community politics pointed out in 1980 that "there is nothing necessarily local or geographical about a community. Indeed all of us belong to a variety of different communities of shared interests, some of which have an established identity and some do not".³⁹ In similar vein the general secretary of the Association of Liberal Councillors has observed that "the concept of community is not a purely local concept, it is about communities of interests as well. . . Together they form a mass of interlocking and cross-cutting networks that in fact give meaning to our lives. . ." and has argued that these need to be fostered as vehicles of interaction between the individual and the wider society.⁴⁰ Thus as well as sharing enthusiasm for decentralist initiatives of varying sorts local socialism and community politics have both identified non-area based sectional interest groups as significant actors in politics.

It would of course be the height of naivety to imagine that local politics was wholly immune to the pressure of sectional interests until recent years. Saunders for example has shown how in Croydon the shared informal networks of golf clubs, school governing bodies, the magistrates bench or hospital boards etc, helped the views of local commercial interests to pass almost as if by osmosis into the minds of local Conservative councillors in the early 1970s.⁴¹ In the Labour Party the growth of public sector employment and the decline in manufacturing industry has often shifted the balance of union affiliations to local Labour parties in favour of local government unions such as NUPE and the GMBATU, whilst non-affiliated unions such as the NUT, NATFHE and NALGO have secured effective, if not formal, representation for their interests through the political activism of their individual members within the party.

Such relations between commerce and the Conservative Party or between unions and the Labour Party are the local reflection of the major social cleavage upon which British politics was traditionally based. These relations may still assume importance in particular localities where the ideological enthusiasms of a local party lead it to lend special weight to the claims of private industry or public employees. Increasingly however local authorities

³⁸ K Livingstone, Interview in *Marxism Today*, November 1981, p. 18.

³⁹ B Greaves, *op. cit.*, p. 15.

⁴⁰ M Clay, *Liberals and Community*, (Hebden Bridge: Hebden Royd Publications, 1985), p. 7.

⁴¹ P Saunders, *Urban Politics* (Harmondsworth: Penguin, 1980).

find themselves engaged in responding to the claims of a much wider variety of sectional interests. In some cases, it is true, councils have made a point of simply not accommodating the pressures of sectionalism, seeing them as essentially illegitimate, and have stressed their role as guardians of the common good, striving to do what is best for the community as a whole. However the trend seems to flow clearly in the direction of according greater recognition to sectional interests, as can be seen by examining the range of consultations with such interests now being undertaken in various fields.

In the *social services* the 1968 Seebohm Report suggested much closer relations between the local authority and the clients of social service departments and committees. In line with these recommendations some councils have established consultative and liaison committees with a range of client groups and voluntary organisations. In some authorities representatives of client groups and the voluntary sector are also co-opted onto Social Service Committees, sometimes as non-voting advisors, less commonly as full voting members. *Education* has, of course, had a long tradition of consultation through co-option, with education committees co-opting representatives of certain interest groups, notably the teachers and the churches.

In the field of *town planning* the 1968 Town and Country Planning Act laid an obligation on planning authorities to ensure that the public were involved in the preparation of local and structure plans; the 1969 Skeffington Report suggested various ways in which this might be done. In consequence the plan-making process throughout the 1970s and into the 1980s has been accompanied locally by public meetings, static and mobile exhibitions and all manner of leaflets, surveys and questionnaires canvassing public opinion. At the same time the rights of parish councils to be consulted on planning applications and the increasing number, and vociferousness, of local amenity societies has meant that the development control side of planning, too, has developed its own consultative mechanisms. *Leisure and the arts* have also been areas where much consultation has taken place with some authorities co-opting representatives from local theatrical, artistic and sports organisations onto relevant committees or sub-committees.

In the 1980s these ventures in consultation have been expanded into a number of other areas of local authority activity. In *housing* for example the 1980 Housing Act obliged local authorities to do what some had already done voluntarily, namely to make provision for mechanisms whereby tenants could be informed about and involved in those aspects of housing management which affected them. No specific mechanisms were imposed by the 1980 Act and councils have therefore developed a variety of arrangements: these include consultative committees, co-option of tenants' representatives onto housing committees or onto management sub-committees, periodic special meetings between councillors and tenants' associations, opinion surveys and ad hoc public meetings. Apart from housing there have been three other areas where new consultative mechanisms have been created: these have been in fields which involve commerce, ethnic minorities and women.

In the case of *commerce* some authorities have had long standing mechanisms of consultation with certain elements of the private sector of industry, often through local Chambers of Commerce and/or Trade or through local

branches of the CBI. Much of this contact was often quite informal or conversely rather ritualistic—an annual meeting between the council and the Chamber of Commerce. A desire for closer ties between local government and the private sector became a significant feature of central government policy after 1979, with Michael Heseltine calling in 1980 for a “partnership between local governments and the local business community”.⁴² In 1981, in the context of the Inner Cities Policy, the government’s Guidelines to Partnership and Programme Authorities made consultation with the private sector (normally in the form of the Chamber of Commerce) a pre-requisite of programme approval. The arrangements initiated in consequence have varied from direct Chamber involvement with relevant council committees and working groups via occasional ad hoc meetings to consultation by correspondence. The 1984 Rates Act imposed on councils a far more wide-ranging consultative duty whereby they became bound to consult non-domestic ratepayers on the rates. Chambers of Commerce and Trade, the CBI and the National Federation of Small Businessmen and the Self-Employed were often used as the most appropriate channels of consultation for this purpose: in some instances consultation over rates was broadened into an exercise that encompassed not only commercial bodies but also other local interests outside the private sector such as voluntary bodies and self-help groups. Economic development and employment generation has also been an area for increased consultation between councils and commerce, through local enterprise agencies and economic development committees for example.

Until the last few years local authority consultation with *ethnic minorities* tended to focus chiefly on maintaining some form of liaison with the local community relations councils (CRC): evidence of such liaison was a government requirement for local authority bids for Urban Programme funding. However the urban riots of 1981 had something of a catalytic effect upon both thinking and practice in this field. The extent to which CRCs were truly representative of local ethnic groups had already been called into question, in some cases by the Councils themselves: the impact of the riots was to produce calls, from the government amongst others, for more direct contacts between local authorities and ethnic minorities. In particular the Home Office now demand evidence of consultation going beyond links with CRCs in considering applications under Section 11 of the Local Government Act 1966 for funding specialist workers in areas with a high immigrant population.

Two particular types of consultative arrangement have developed subsequently in some areas, particularly but not exclusively in inner city authorities: they entail the setting up of race relations committees (and/or sub-committees and working groups) and the co-option of ethnic minority representatives onto council committees and/or sub-committees, etc. The composition of race relations committees, of which there were fourteen in Greater London alone by 1985, naturally varies from locality to locality in so far as their ethnic co-optees are concerned. In Camden for example there are seven voting co-optees on the Race and Community Relations Committee, who come from

⁴² M Stewart, *Talking to Local Businesses: the Involvement of Chambers of Commerce in Local Affairs* (Bristol: School for Advanced Urban Studies, 1984), p. 8.

the Irish, Cypriot, Afro-Caribbean, Bengali and Chinese communities plus the Black Women's Working Group and the Camden Committee for Community Relations. Such committees are generally charged with ensuring that their council's own policies and practices are non-discriminatory and with developing and advising on policies relating to all aspects of race relations. The co-option of ethnic minority representatives onto race committees is in some cases only part of a wider system of their co-option onto a range of council committees. In Hackney for example there are three such co-optees on each of the main committees, in Lewisham one. The powers of race relations committees, the precise nature of the co-option arrangements, and the co-optees' relations to their constituencies are sometimes a matter of controversy but, as will be seen later, these are problems of consultative government in general rather than of race relations in particular. Other consultative devices employed have included conferences between councillors, officers and ethnic minority organisations, visits to black groups in their local community, the circulation of council documents for comment and staff recruitment from within local ethnic minorities.⁴³

By 1985 there were approximately two dozen local authorities who had established some form of committee dealing with *women's issues*, including not only some London boroughs but major cities such as Aberdeen, Birmingham, Edinburgh, Leeds and Newcastle-upon-Tyne. Such committees seek to get women's issues onto the local political agenda: they campaign for women's rights, develop and implement equal opportunities policies and provide funding and support for women's organisations. Like race relations committees they do not have any departmental structure to parallel them but usually have some form of support unit to assist their work. In an effort to be accessible to their constituency they have experimented with varying patterns of open meetings and working groups as well as with co-options onto the women's committees themselves, some of which are exclusively female in membership. To encourage attendance at meetings there has sometimes been provision of creches, special facilities for the disabled, free transport and translation for Asian women.

Amongst the women's committees there is usually provision for co-option from particular groups of women. In Camden for example the Women's Committee was so constructed as to contain three black/ethnic minority women, one trade unionist, one lesbian, one disabled woman and one older woman together with eleven councillors. In addition to its meetings the committee has organised public meetings to discuss the committee's work and to suggest new issues for future consideration. The committee has also set up working groups, on topics such as child-care, employment, social services, the needs of black women and health, which are able to make recommendations to the Women's Committee itself. A roughly similar pattern was instituted in

⁴³ N Connelly, *Social Services Departments and Race: A Discussion Paper* (London: Policy Studies Institute, 1985); U Prashar and S Nicholas, *Route or Roadblock? Consulting Minority Communities in London Boroughs* (London: Runnymede Trust, 1986); M Stewart and G Whitting, *Ethnic Minorities and the Urban Programme* (Bristol: School for Advanced Urban Studies, 1983); K Young, "Ethnic Pluralism and the Policy Agenda in Britain", in N Glazer and K Young (eds.), *Ethnic Pluralism and Public Policy* (London: Heinemann, 1983), pp. 287-300; K Young and N Connelly, *Policy and Practice in the Multi-Racial City* (London: Policy Studies Institute, 1981).

Nottingham where a Women's Sub-Committee of the Equal Opportunities Committee has included co-optees from black and Asian women's groups, a women's aid centre and a lesbian group; has held open meetings of the sub-committees; and has set up working parties on for example, women and racism and women and employment.

There has been a general concern amongst women's committees to make meetings less forbidding in procedural terms, in order to open them up to women with little experience of public life who might be overawed by too much formality. Such attempts have in themselves proved problematic in two ways. The openness and fluidity of the proceedings has sometimes resulted in shifting patterns of attendance and a certain lack of consistency in decisions taken: additionally the very absence of structure in some meetings rendered them liable to manipulation by well-organised political minorities in one or two instances.⁴⁴

A recurrent set of problems in the area of consultation and co-option concerns the identification of those who are to be consulted and/or co-opted and the mechanisms for carrying out that consultation and co-option. In Hackney for example the local Council for Racial Equality was initially called upon to organise the election of co-optees to council committees on the grounds that it was the most broadly based ethnic minority body in the borough. The subsequently elected co-optees went on to create a Hackney Ethnic Minority Alliance which then took over the organisation of the election of co-optees. At first the council was concerned that this could be seen as a mechanism for the self-perpetuation of co-optees once elected but the development of the Alliance into a more broadly based organisation overcame this concern. In Lewisham the search for a co-option mechanism for the Race Relations Committee encountered considerable disagreement over such matters as the merits of election by public meeting, the rights of black organisations vis-a-vis black individuals and the ultimate accountability of the co-optees eventually chosen; the arguments which revolved around these points were seen by some as having led, at least in the short term, to splits within the black community which might serve to lessen the utility of the co-option device itself.⁴⁵

Over and above the problems associated with mechanics and procedures there are also questions to be asked concerning the substantive business and outcomes of consultative meetings and the impact of co-optees on committees. One major issue is the extent of the powers delegated not merely to various committees but also to sub-committees and working groups on which co-optees may be numerous or even in a majority. Much may also depend on who is in charge of setting the agendas for meetings, on the sources of the papers or reports presented to meetings, on the way in which meetings are chaired and on the roles of discussion and debate which are employed. The impact of co-optees will be influenced partly by their own expertise and ability, but also by the predisposition towards them of elected members and officers.

⁴⁴ S Button, *Women's Committees: A Study of Gender and Local Government Policy Formulation* (Bristol: School for Advanced Urban Studies, 1984); S Goss, "Women's initiatives in local government" in M Boddy and C Fudge (eds.), *Local Socialism?* (London: Macmillan, 1984), pp. 109-32; B Webster, "Women's Committees", *Local Government Policy Making*, 10(2) 1983, pp. 28-34.

⁴⁵ Prashar and Nicholas, *op. cit.*, pp. 13-18.

If they are strangers to the world of local government they may find it hard to direct their talents and energies in the most fruitful fashion unless perhaps some specific provision for advice and support is made for them from within the local authority. That in turn however opens up the issue of how far co-optees can serve their constituency outside the council and at the same time avoid being "captured" by the council itself and in effect sent back as the council's envoy to their constituency rather than the other way about. For co-optees with a vote rather than just speaking rights this might seem to be an almost inevitable and insoluble dilemma. As voting members of a committee they are clearly part of the council's formal machinery of decision-making. How far does such a status impose upon them obligations which challenge or transcend their loyalty to their constituency of origin?

It would be quite wrong to assume that such problems of consultation arise only in "newer" areas relating to blacks and women. Cousins has identified what he called "the misty ground between the public and voluntary sectors", a "grey area" populated by all manner of unofficial committees, quasi-official committees and joint committees designed to handle issues relating to old people's welfare, the youth service, one-parent families and war pensioners amongst others. Such bodies arise from the desire of councils to tap the flexibility and responsiveness, and indeed the resources, of the voluntary sector and they may thereby produce real benefits to particular sections of society. In total however their existence may also lead to the establishment of a network of consultation and liaison whose existence is rarely visible to the voters at large and which may "add to the already complex machinery of government, making it even more remote from the general public".⁴⁶

This particular worry may perhaps be seen as bearing upon a more fundamental problem, namely that of the relationship between the promotion of service of sectional interests and the principles of representative democracy. It may be feared that an elaboration of consultative mechanisms somehow devalues and even endangers the traditional institutions of representative democracy itself. It could of course be argued that the powers and terms of reference of consultative bodies are always open to examination and amendment, and also that the powers, responsibilities and accountability of co-optees can be spelt out in published documents. The existence of, or potential for, such formal and structured channels for sectional pressures, could be seen as no more, and maybe less, of a challenge to representative democracy than is provided by unstructured influences based on knowing the right people, moving in the right circles, and belonging to the same clubs, professions, churches or masonic lodges as those who wield the effective power in a local authority. Be that as it may it is clear that for the defenders of consultation the institutions of representative democracy are no longer wholly adequate for the task in hand. As Prashar and Nicholas conclude:

Given the diverse needs in society today and the complex decision-making process, political representation cannot possibly represent all interests.

⁴⁶ P F Cousins, "Quasi-official bodies in local government", in A Barker (ed.) *Quangos in Britain* (London: Macmillan 1982), pp. 152-163.

Therefore influence through means other than political representation is necessary.⁴⁷

VARIANTS OF LOCAL DEMOCRACY

The previous sections of this chapter have shown how, over the past twenty years, local politics has seen a variety of initiatives from schemes of decentralisation and area management to experiments in consultation with and co-option of sectional interests. These initiatives have represented attempts to devolve some measure of influence, if not power, away from the central institutions of the council towards various specified sections within the community, whether those sections are geographically based or are rooted in other social, economic or cultural groupings. It has also been suggested that the emergence of such sectionalism at the local level may reflect a more general trend towards a more assertive and diversified society and that such initiatives may represent a rational response to those trends. Together, sectionalist pressures and related local authority initiatives may be seen as representing something of a move from *representative* towards *participatory* democracy.

Such developments however are not without their problems for the traditionally accepted institutions of local democracy, based as they are on the principles of representative democracy. The fundamental problem posed by these developments lies in their uneasy relationship with the implicit assumption of representative democracy, namely that it can ultimately identify a general community of interest, that a representatively elected body can operate as an assembly "of the whole—where not local prejudices ought to guide, but the general good, as resulting from the general reason of the whole" as Edmund Burke explained it to the electors of Bristol. They also sit uneasily with the other Burkean concept of representation, according to which the representative relies upon "his mature judgement, his enlightened conscience" rather than upon the electors' opinion of their own interests. Institutions founded upon such Burkean pre-suppositions are clearly liable to undergo considerable strain in situations where social consensus is challenged by the emergence of sectionalism, with competing sections conscious of their own particular identities and asserting what they claim to be their sectional rights—gay rights, tenants' rights, the right to buy, parents' rights, claimants' rights, patients' rights, minority rights, the rights of the disabled, etc.

Such sectional pressures, in pushing local democracy to expand beyond its traditional reliance on representative institutions towards more participatory forms are bound to create a more complex world of local politics. This complexity is however compounded by the fact that the representative and participative varieties are not the only notions of local democracy now contending for recognition. Two additional versions of local democracy are also on display, reflecting the greater range and diversity of political beliefs which has accompanied ideological polarisation in recent years. Local democracy itself thus now attracts a diversity of definitions.

⁴⁷ Prashar and Nicholas, *op cit.*, p. 48.

of sectional groups: conversely representative and delegate democracy are less concerned with particular rights and more concerned with securing general agreement either by articulating some "general will" or by securing the acceptance of a majority decision. Delegate democracy and participatory democracy both place a stress on high levels of political activism; conversely representative and ratepayer democracy are more passive variants with the former prepared to place much trust in elected representatives and the latter seeing economic enterprise rather than political action as the true avenue of progress.

One issue on which the four schools of thought each have a differing view is the question of how they define the interests they promote. Representative democracy adheres to a notion of the public interest; delegate democracy, operating on a class-based model of politics, seeks to promote the class interest of what is portrayed as a working class majority in society; participatory democracy facilitates the promotion of a range of sectional interests; and ratepayer democracy is concerned with the interests of individual ratepayers. All these varying views and relationships can be shown in diagrammatic form, as in Figure 4.1

The traditionally dominant representative form of local democracy is today challenged by the other three variants. Each of these variants exerts its own 'pull' on representative local democracy, each trying to modify the practices of the latter in accordance with its own principles. The outcome is a vigorous debate as to what ought to be the proper nature of local democracy in contemporary society. That society itself meanwhile displays clear signs of increasing internal diversity, which is itself reflected in that same debate about local democracy. In such circumstances it should come as no surprise to find that local politics has travelled a long way from the placid homogeneity observed by Stephen Elkin in London nearly a quarter of a century ago.

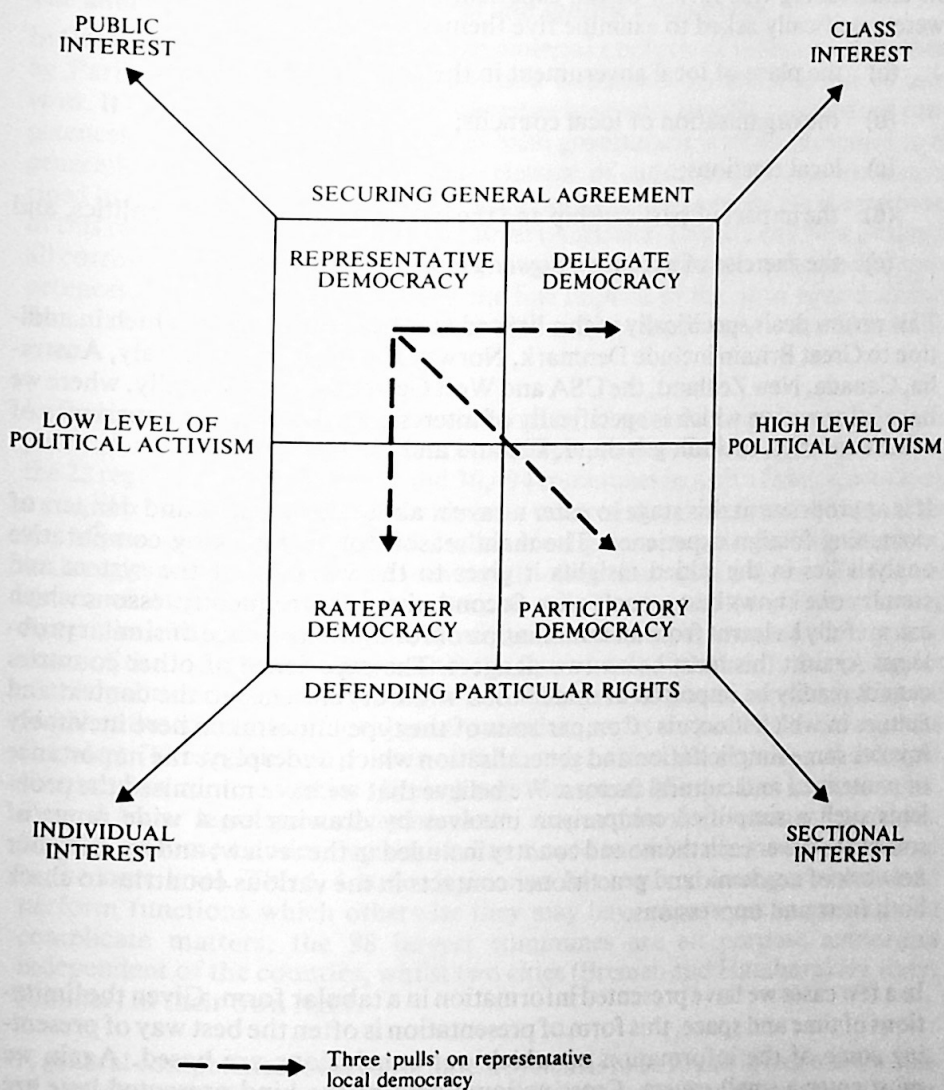


Fig. 4.1 Four variants of local democracy

CHAPTER 5

LOCAL GOVERNMENT ABROAD

Michael Goldsmith and Ken Newton

In undertaking this review of the experience of local government abroad, we were specifically asked to examine five themes:

- (a) the place of local government in the governmental system;
- (b) the organisation of local councils;
- (c) local elections;
- (d) the impact of partisanship and the intensification of local politics, and
- (e) the exercise of executive power in local government.

This review deals specifically with a limited number of countries, which in addition to Great Britain include Denmark, Norway, Sweden, France, Italy, Australia, Canada, New Zealand, the USA and West Germany. Occasionally, where we have information which is specifically of interest, we draw on the experience of other countries, including Ireland, Finland and the Netherlands.

It is appropriate at this stage to enter a caveat about the benefits and dangers of examining foreign experience. The main reason for undertaking comparative analysis lies in the added insights it gives to the working of the system and country one knows best—one's own. Second, there are frequently lessons which can usefully be learnt from an examination of foreign experience of similar problems. Against this must be set two dangers. The experience of other countries cannot readily be imported or understood without reference to the context and culture in which it occurs. Comparisons of the type undertaken here inevitably involve some simplification and generalisation which underplays the importance of contextual and cultural factors. We believe that we have minimised the problems such a simplified comparison involves by drawing on a wide range of sources to cover each theme and country included in the review, and by using our network of academic and practitioner contacts in the various countries to check both facts and impressions.

In a few cases we have presented information in a tabular form. Given the limitations of time and space, this form of presentation is often the best way of presenting some of the information on which our conclusions are based. Again we must enter a small caveat. Cross national data of the kind presented here are notoriously difficult to obtain, and there are frequently variations in the basis on which such information is collected. We have drawn on publications from such organisations as the Organisation for Economic Co-operation and Development, the International Monetary Fund, the International Union of Local Authorities, and on material collected by colleagues around the world. We believe this information to be both as up to date and as accurate as it is possible to obtain at this time, and every effort has been made to ensure it is as comparable as possible.

THE PLACE OF LOCAL GOVERNMENT

The place of local government in a country's system of government may be reflected in the allocation of functions to local government; in the amount of autonomy or discretion which it has to determine how best to meet the needs of each locality; and in the ability of local government to influence the policies which higher levels of government adopt towards local government.

The allocation of functions: general and specific competence

In Great Britain, local authorities can undertake only those functions given them by Parliament, a constitutional position established by the doctrine of *ultra vires*. It means that British local authorities have only specific functions or competences, but in most other countries local government is either presumed to be generally competent or else has some element of constitutional autonomy enshrined in the constitution.¹ Of those countries we have examined for the purposes of this review, the Anglo-Saxon countries (Australia, Canada and New Zealand) all correspond with Great Britain in giving local governments only specific competences, thus generally following the line implicit in the *ultra vires* doctrine, though in Canada local government also reflects a pervasive American influence.²

In Western Europe and Scandinavia a variety of systems are at work. Some are particularly complex. In France, for example, functions are allocated between the 22 regions, 94 departments and 36,494 communes in such a fashion as to look more like "a dense jungle rather than an ordered division of tasks"³ even after the Mitterrand reforms of 1981. Italian local government is similarly complex, with regional, provincial and local levels often sharing functions. The federal system of West Germany is more complex still. The constitution, while reflecting American influences guarantees municipalities the "right to regulate all the concerns of the local community within the framework of the law"; that is, it gives municipalities the general power to act. This general power is restricted by the fact that the functions of local government are partly shaped by the eleven states (Länder). The legislative powers of the Länder affect the activities of the eight thousand or more counties (Kreise) and communes (Gemeinde) in three ways. First, Länder legislation determines the scope of local government activities. Second, in some Länder, legislation has moved traditionally local functions up to the state level. Third, Länder legislation has required local governments to perform functions which otherwise they may have chosen not to provide. To complicate matters, the 88 largest communes are all purpose authorities independent of the counties, whilst two cities (Bremen and Hamburg) are states (Länder) in their own right.

A general competence local government system is to be found in Denmark where "local authorities may perform any function that relates to the area and is not forbidden by law". The relevant legislation then qualifies this by requiring that they must engage in "certain activities". The legal prohibitions are an important limitation on this general competence. For example, Danish authorities are

¹ It should be noted that parish and community councils in Great Britain are not bound by the doctrine of *ultra vires*. However, we have not included such councils in this review.

² For a discussion of this point see C Andrews "Local Government in Canada", in M Bowman and W Hampton (eds) *Local Democracies* (London: Longmans, 1983).

³ Y Meny, *Centralisation and Decentralisation in France* (draft) (Paris: 1985).

forbidden to undertake any activity which might disturb the operation of the market economy and are unable to engage in the kind of local economic development activity which has become such a common feature of local authorities in Great Britain over recent years.

In Sweden, local governments have a general competence "to take care of and decide matters of their own concern", and in Norway the basis of local self-rule is the "supposition that local authorities enjoy a general competence" and "a high degree of formal discretion".⁴ In both countries some functions are mandatory and regulated by the centre, and to that extent local government's general discretion is limited in practice.

By contrast, the competences of local government in the United States resemble a fractured mosaic. In some states, especially the early established ones in New England and such southern states as Alabama, Florida and Tennessee, local authorities have only specific competences: these are the so-called *Charter* municipalities. But from the mid-nineteenth century onwards other states, including Ohio, Iowa and Missouri, moved towards the establishment of local government systems based on general competence—the *Home Rule* authorities. Currently about half of the states have local government systems based on some measure of general competence, though these can be changed by an amendment of the state constitution, should the state authorities so decide. Even in the Home Rule areas, however, diversity is increased by a plethora of ad hoc special purpose agencies with local powers . . . school boards, transit authorities, planning commissions and conservation authorities . . . each of which may be subject to election and have the power to raise a precept on the municipality or to raise income by fees and charges.

It will be apparent from this brief discussion that even in those countries where local government appears to have either a constitutional "guarantee" of autonomy or a system of general competences, municipalities are still likely to find their autonomy or competence limited. These limits might be imposed by mandatory legislation; by specific limitations on their competence; by administrative regulation, or by competition from some other local agency. Clearly, to say that local government has "autonomy" or "general competence" is not the same thing as saying that local government is or ought to be free to conduct its own affairs in a totally unrestricted fashion. Nevertheless, in those countries where there is either a constitutional guarantee of the autonomy of local government or it is given general competence to act, such a situation appears to reflect the status and regard given to local government in those countries.

The scope of local government

Table 5.1 gives some idea of the range of functions formally allocated to different sub-national levels of government in the countries under review. We can see from the table how the range varies and the extent to which Great Britain is a special case, in that its local authorities have a wide range of functions and by and large they are not shared with either central or regional government. The countries which come closest to Great Britain in this respect are the Scandinavian ones, where the regional level is something akin to the English and Welsh county

⁴ T Fevoldsen and R Sorensen, *Central—Local Interaction in Norway* (draft) (Oslo: 1985).

TABLE 5.1

Allocation of Service Responsibilities in Sample Countries, 1984/85

	Australia	Canada	W Germany	USA	NZ	Denmark	France	Italy	Norway	Sweden	UK
Security, police	S	L,P	S	L,S			L	L			L
Fire	S	L	L	L ¹		L	R,L		L	L	L
Justice						R	L				L
Pre-school primary and secondary education	S	L,P	L,S	L,S		R,L		R,L	L,R	L	L
Vocational, technical and higher education	S		S	S			R,L	R,L	R,L	R,L	L
Adult education	S			S		L	L	R,L	R,L	R,L	L
Hospitals and personal health	S,L	L,P		L ¹	L	R,L	R,L	R,P,L	R,L	R	R
Family welfare	S,L	L,P	L	L		L	R,L	R,L	L	L	L
Housing	S	L(P)	L,S	L	L			R,L	L	L	L
Town planning	L		L	L	L	L	L	R,L	L	L	L
Refuse	L	L	L	L	L	L	L	L	L	L	L
Leisure—arts	L	L,P	L	L	L	R,L	R,L	R,L	L	R,L	L
Leisure—parks and sports	L	L,P	L	L	L	R,L	L	R,L	L	L	L
Roads and road transport	S,L	L,P		L	L	R,L	R,L	R,P,L	R,L	R,L	L
Ports				L ¹		L	R	L	L	L	L
Airports							R			R,L	L
Agriculture, forestry, fishing, hunting		P									
Electricity	S		L			R,L		R,P,L	R,L	L	
Commerce		P				R,L		L	L	L	
Tourism	L					L		R,P,L	L	L,R	
Water	S	L	L	L	L	R,L	R,L	P	L	R,L	L
									L	L	R

¹ often more than one municipality.

L = Local; R = Regional; S/P = State/Provincial.

Source: Various IMF/OECD documents.

or the Scottish region.⁵ It is also worth noting that local governments in the Southern European countries do not have the same range of functions as the Northern European ones; that local government has few functions in Australasia, whilst in North America elected municipalities often share functions with the state/provincial tier or with other local bodies, many of whom may not be elected.

Nevertheless, to say that local government possesses a particular function can be misleading. In practice the scope of functions or activities vary from country to country. Even though local governments in Britain and France share a responsibility for education as a service, quite what that responsibility entails differs considerably. British education authorities not only build schools, but employ teachers and, by and large, decide the curriculum. French local authorities only build schools. Such variations are likely to be continued as the comparison between countries and functions is extended.

It is, however, possible to assess the status of British local government by comparing the proportion of public expenditure and proportion of public employment which local government assumes in different countries. Table 5.2 shows the importance of local government in different countries in terms of the amount of public expenditure for which it accounts in different countries. It ranges from under 20% in Australia, New Zealand, France and West Germany to between 20 and 30% for Italy, Britain, the USA and Canada, and exceeds 30% in Norway, Denmark and Sweden. In part these figures reflect the different range of functions given to local government in different countries, though the figures for the United States and Canada contain within them expenditure by the many special

TABLE 5.2

Local government expenditure as percentage share of public sector expenditure (1982)

	%
Australia	8
New Zealand	12
France	15
West Germany	18
Italy	21
United Kingdom	24
USA	25
Canada	28
Norway	32
Denmark	35
Sweden	39

Figures are for both current and capital expenditure.

Source: Calculation derived from OECD and IMF sources.

⁵ This point is developed in P Bogason, *Central—Local Relations in Denmark* (draft) (Copenhagen: 1985); Fevoldsen and Sorensen, *Central—Local Interaction in Norway*; J E Lane and T Magnusson, *National—Local Relations in the Swedish Political System* (draft) (Umea: 1985).

purpose, often non-elected bodies, used in both countries to perform local functions.

We can also assess the status of local government by examining its share of public sector employment: the figures are given in Table 5.3. The table confirms the general picture given by Tables 5.1 and 5.2: in those countries where elected local government does and spends relatively little, it employs relatively few people (France, Italy, New Zealand). Where it undertakes a wide range of functions and spends large sums of money, then local government accounts for a considerable proportion of public employment (Sweden, Norway and Denmark). Clearly Britain falls into the middle in terms of its share of public employment and expenditure, although, as already noted, the employment of teachers by local government has a considerable impact on both its share of public expenditure and its share of public employment.

TABLE 5.3

Local government employment as share of public employment	
	%
France (1982)	11
Italy (1981)	12
New Zealand (1981)	15
West Germany (1980)	15
United Kingdom (1981)	38
USA (1982)	50
Sweden (1980)	54
Norway (1981)	64
Denmark (1981)	70

Source: Computed from Rose, R., *Public Employment in Western Nations*, (Cambridge: CUP, 1985): Tables 1.1; 2.6; 3.7; 3.9; 4.9; 5.6; 6.5; 7.8 and from OECD and IMF sources. No figures are available for Australia and Canada.

Discretion and Influence

Local governments vary between countries not only in terms of the functions they possess, but also according to the extent to which they have the discretion to decide for themselves what is the appropriate level of service for those functions. Also important is their ability to influence the decisions of higher levels of government about not only what local governments can do, but how they should perform those functions. Finally, in a number of instances a function formally possessed by local authorities may also be allocated to other levels of government, thus blurring the relations between them and making discretion and influence difficult to assess.

Issues of discretion involve not only distinctions between mandatory and permissive services, but also questions about the extent to which services have standards determined by levels of government other than the local, or whether such services are regulated by some system of administrative law. It is not possible on the available evidence to say whether local discretion is greater in

one country than it is in another. It appears in practice to vary more between services than it does between countries, suggesting that discretion is closely bound up with the allocation of functions. However, different styles of limiting local discretion are distinguishable between Northern and Southern European countries. The former have usually adopted measures of statutory regulation, whereby once the broad parameters of a service have been set, local governments have been broadly left to get on with the task of delivering the service. In Southern Europe, a process of administrative regulation has been utilised whereby central government officials, such as the prefect in France, are closely involved in the approval of day-to-day local decisions.⁶ In Canada provincial supervision of local government is extensive,⁷ though state supervision of local government tends to be limited in the United States.

Local influence on upper levels of government also varies between North and South Europe and in North America and Australasia. In France, for example, most communes have access to the centre through the mayor, who, via the accumulation of public offices at different levels of government, may well be able to influence central decisions concerning the commune.⁸ In Italy the same kind of direct influence is exerted through party channels.⁹ By contrast, in both Great Britain and Scandinavia, the ability of individual authorities to influence government policy towards them is limited and indirect, the interests of local government generally being represented by national associations of local authorities, who themselves may vary in their influence on the centre.¹⁰

Comparison is further complicated by the way in which functions may be shared amongst different sub-national institutions, with the result that local elected authorities may actually have relatively few autonomous functions. For example, in federal systems (Australia, West Germany, Canada and the USA), state or provincial governments also undertake many of the functions attributed exclusively to local government in Britain and the Scandinavian countries. In addition, local authorities in such federal systems often have to share local responsibilities with a host of other local agencies. However, while they are actually exclusively responsible for a limited number of activities, they may have considerable discretion in the way they provide them.

It is the complex interplay between these different factors—the allocation of functions; the amount of discretion, and the ability to influence central decisions and the extent to which responsibilities are shared which gives local government its particular status in different countries and helps to account for

⁶ This point is discussed by F Dupuy, "The Politico—Administrative System of the Department in France" in Y Meny and V Wright (eds), *Centre—Periphery Relations in Western Europe* (London: Allen and Unwin, 1985), pp.79–103.

⁷ L Feldman and K Graham, *Bargaining for Cities* (Toronto: Institute for Research on Public Policy, 1979).

⁸ See Dupuy, "The Politico—Administrative System of the Department in France" in Meny and Wright, pp.79–103; Y Meny, *Centralisation and Decentralisation in France*.

⁹ S Tarrow, "The Italian Party System Between Crisis and Transition" *American Journal of Political Science* 21 (May 1977), pp.193–224; B Dente, "Central—Local Relations in Italy: The Impact of Legal and Political Structures" in Meny and Wright, pp.125–148.

¹⁰ P Bogason, *Central—Local Relations in Denmark*; J E Lane and T Magnusson, *National—Local Relations in the Swedish Political System*; T Fevoldsen and R Sorenson, *Central—Local Interaction in Norway*.

the differences in the way each country operates its system of local government.

The wide scope and range of the functional responsibilities of local governments in Britain and Scandinavia lead respective central governments to limit their discretion in various ways, notwithstanding the different constitutional position of local government in Britain and Scandinavia. A combination of restrictive grant and tax systems, administrative regulation, and central directives means that local government's ability to do things can be restricted quite easily. Specific and highly conditional grant systems, directives or agreements on the level of local taxes, as well as the oversight of administrative tribunals, all inhibit Scandinavian local governments.¹¹

But formal discretion presupposes the capacity to exercise it, and in other countries that may be as effectively constrained by limitations of area or professional competence. Small in area and population, as many of the French and Italian communes are, they remain relatively close to their populations, yet their service responsibilities are so limited that they really have nothing like the same kind of impact on the daily life of their citizens that British and Scandinavian authorities do. In France and Italy, it is the absence of technical expertise—a professional core of officials—located at local level which often restricts local governments from doing what they would like. Dependent on the centre for technical assistance, municipalities can easily be influenced by central government in terms of the way they interpret their local powers.¹²

This comparative review of the place of local government shows that its status is dependent on many factors. It is enhanced by the possession of a wide range of functions, or by a general competence. Where its functions are limited, its significance may be enhanced by the possession of considerable discretion over the way it performs its functions (Norway), or by a degree of ability to influence central government policy, both collectively and individually (France). However, in no country does local government have complete autonomy to do as it pleases. Even where that autonomy is apparently guaranteed, it is likely to be regulated or limited in some way.

THE ORGANISATION OF COUNCILS

The way in which council members see their job and perform their tasks depends in part on their personal qualities, both ideological and psychological, and partly upon the features of the system in which they work. In this respect a general survey of local government abroad can throw a good deal of light on the British system. Therefore, the concern of this section is to relate the structure of local government in other countries to the roles which elected officials play. The main features considered are: the population size of local authorities; the size of councils; the extent of committee and sub-committee work; the resources available to members; and the demands of local party organisation.

¹¹ *ibid.*

¹² Y. Meny, "Centralisation and Decentralisation in France"; J. C. Thoenig, "State Bureaucracies in France" in K. Hanf and F. W. Scharpf (eds), *Interorganisational Policy-making* (London: Sage, 1978).

Local authority population and council size

The sheer scale of local operation in Britain is larger than anything else in the western world. Local authorities in England and Wales have an average population of around 123,000. In Sweden, the next largest in west Europe, the figure is around 30,000 and in most countries the average is nearer 10,000 or smaller. In the USA the average is about 12,000 while in France it is under 1,500 (see Table 5.4). Canada also has small councils outside a few metropolitan areas. Most countries do have a few local authorities of a million or more citizens, but local government in Great Britain is generally far larger in area and population terms than is the case elsewhere. For example, Strathclyde Region is larger in population and budget than many member states of the United Nations.¹³

The size of membership of councils is also large in Great Britain by international standards. Some American cities have councils with only three members, but the average has seven, nine, or eleven. Few councils in west Europe or in the Anglo-Saxon countries have more than seventy-five members and most are half this size or less (Table 5.5). Large cities, particularly capitals, are the exception to the ranges shown in Table 5.5. Capital cities tend to have the largest councils—100 in Vienna, 101 in Stockholm, and 109 in Paris,—as do large cities in Great Britain, but otherwise councils tend to be smaller.

The ratio of citizens to council members is also high in Great Britain. There is approximately one councillor to every 1,800 citizens in England and Wales. The equivalent figure for Denmark is well over 1:1,000 whereas in Sweden it is 1:120.

In most western nations the ratio is somewhere between 1:250 and 1:450,¹⁴ a ratio which perhaps helps to keep elected members in close touch with their

TABLE 5.4

Average population size of local authorities

England and Wales	122,740
Sweden	29,527
Denmark	17,963
Australia	14,125
USA	12,000
Norway	8,891
New Zealand	7,980
Italy	6,717
Canada	5,011
West Germany	2,694
France	1,320

¹³ See, for example, the figures quoted in M Goldsmith and K Newton. "Central—Local Government Relations: The Irresistible Rise of Centralised Power", *West European Politics*, vol 6, no 4, 1983, pp.216–217.

¹⁴ A Norton, *Local Government in Other Western Democracies* (draft) (Birmingham: INLOGOV, 1985).

TABLE 5.5

Municipal council size (excludes capital cities)	
England and Wales	28-120
Sweden	31-80
Italy	15-80
West Germany	15-80
Norway	15-45
Denmark	13-85
USA	3-50
Australia	9-12
France	6-49
New Zealand	6-25

constituents. The size of local authorities and councils in the U.K. has a direct effect on the working life of council members. It has implications for the hours they put in; for the number of committees and sub-committees on which they sit, and for the extent to which they tend to specialise in one or two aspects of council work.

Committee work and specialisation.

The great majority of local government systems make extensive and increasing use of committees and sub-committees. Powers are delegated to them in an attempt to increase efficiency and specialisation while, at the same time, reducing the length of full council meetings. Australia, Canada, New Zealand, Norway and Sweden, for example, use an array of specialised committees, and council members spend a large and increasing amount of time working on them.

Although most council members are not elected for their professional or technical qualifications they show an increasing tendency to specialise in council business in an attempt to master the detail and complexity of council and committee work. In general, the larger the local authority, the larger its council. The wider its range of committees, the more its council members tend to specialise. Studies of Norway and Sweden show that council members are aware that this makes them increasingly like local government functionaries, and increasingly distances them from their other role as elected representative.¹⁵

Time spent on Council Work.

Figures on the average weekly hours spent by council leaders and members on council work are provided in Table 5.6. A full account of the current situation

¹⁵ G Gustafsson, *Local Government Reform in Sweden* (UPSA: no 5, 1980) p.71; T Hansen, "The Politics of Local Planning in Norway", *International Political Science Review* 1, 1980, p.175; A B Gunlicks, "Restructuring Service Delivery Systems in West Germany" in V & P Ostrom and F Bish (eds), *Comparing Urban Delivery Systems* (Beverly Hills, California: Sage, 1981, p.177); L Stromberg and J Westerstahl, *The New Swedish Communities* (Stockholm: Liber Books, 1984), p.61.

in Great Britain will be found in Research Volume II, which reports the work carried out on this topic for the Committee by Social and Community Planning Research. It is impossible to draw a clear line between council work and general voluntary or political work in the community, and therefore the figures are problematical, but nevertheless they suggest that most members in most countries put in long hours. This seems to be increasing in most countries. As one might expect council leaders and committee chairman put in substantially more hours than other members and, generally speaking, members of large and urban authorities appear to work longer hours than members of smaller and rural ones.

TABLE 5.6

Average hours spent on council work per week

	Council leaders and committee chairmen	Councillors
Australia	20-30	10
Denmark	15-25	15
Finland	4-10	2
Ireland	3-20	3-15
New Zealand	10-40	5-10
Sweden	8	8
Great Britain	25-30	20
West Germany	15-45	5-20

Source: Derived from IULA, *The Local Council*, 1983, pp. 43-46.

Studies in Sweden, Denmark, West Germany and Australia all suggest that the increasing demands of council work have placed many council members under increasing strain.¹⁶ One consequence of this increasing burden may be an increase in the turnover of councillors, with fewer seeking re-election. Though hard evidence is difficult to find, there is some support for this view from New Zealand and Sweden.¹⁷

Payment of councillors.

The great majority of western nations offer financial payment or compensation to council members. The arrangements vary between and within nations, and between types of council office. In some countries (Denmark, Norway and Sweden and parts of West Germany) council leaders are paid a full-time

¹⁶ A Gustafsson, *Local Government in Sweden* (Stockholm: The Swedish Institute, 1983), pp.94-95; R L Morlan, "Territorial Reorganisation and Administrative Reform in Denmark" in A B Gunlicks (ed), *Local Government Reform and Reorganisation*, (Port Washington, New York: Kennikat Press, 1981), pp.39; W R Finnigan "Citizens, Councillors and Local Affairs", Royal Melbourne Institute of Technology, School of Business Studies, Melbourne, 1980; A B Gunlicks, "Restructuring Service Delivery Systems in West Germany" in Ostrom and Bish (eds), *Comparing Urban Delivery Systems*.

¹⁷ A Gustafson, *Local Government in Sweden*, p.94; G Bush "Local Government in New Zealand" in M Bowman and W Hampton (eds), *Local Democracies*, p.81.

salary. In Denmark, for example, a mayor would receive a salary of about £20,000 per annum. In the United States the mayors of mayor-council cities are also paid a small salary, as are the mayors of council-manager cities. Canadian mayors may be paid a substantial salary (averaging \$30–50,000 per annum), particularly in large cities. In Australia, Finland and France council leaders receive an allowance or honorarium, and Swedish councils can choose to pay fees to chairmen and deputies, and to councillors. In Denmark committee chairmen are salaried, and council leaders receive a retirement allowance.

In a large number of countries (Great Britain, Norway, Sweden, and parts of Australia and the USA) attendance fees, or per diem allowances, are paid. Many councils pay expenses incurred in the course of council duties on top of salaries or attendance fees, including Great Britain, Australia, France, Norway and Sweden. Some of them limit expenses to travel and subsistence alone, while West Germany offers a choice of expenses or attendance allowance.

The effects of party organisation

The growing importance of political parties in local government also affects what councillors do and how they see their job. First, the time required by party meetings inside and outside the council places greater demands upon time. A Swedish study finds that councillors spend more time on party group meetings than council meetings themselves.¹⁸ Second, by placing greater emphasis on programmes and manifestos, parties encourage councillors to give more time and thought to broad issues of policy and forward planning. In places like New Zealand, where parties are conspicuous by their absence, councillors “set little store by initiating policy”.¹⁹ By contrast, the growth of party and of professionalisation in Sweden has increased the attention given to policy formation.²⁰

To sum up, British local authorities are exceedingly large by the standards of western nations. Although councils are also large, British councillors represent on average a substantially greater number of electors than do their counterparts elsewhere. Local authorities in many countries make considerable use of specialist committees and sub-committees. In many nations there is a tendency towards increasing specialisation and professionalisation of council work, and there are also signs of a shift towards council member involvement with the general issues of policy and forward planning. These changes have reportedly placed increasing pressure on the time of councillors as well as generating demands which are difficult to reconcile. The results are said to be a fall in morale and a higher turnover of council members.

LOCAL ELECTIONS

Elections are self evidently an essential part of the local democratic process and they are, in the final instance, the ultimate mechanism of democratic

¹⁸ L. Stromberg and J. Westerstahl, *The New Swedish Communities*, p.39.

¹⁹ G. Bush, “Local Government in New Zealand” in M. Bowman and W. Hampton (eds), *Local Democracies* p.80.

²⁰ L. Stromberg and J. Westerstahl, *The New Swedish Communities*, p.61.

accountability and responsibility. There are wide variations in electoral practices and arrangements in different countries, going far beyond the different voting systems which happen to be the main topic of discussion in Britain at present. Five of the most important variations will be discussed here, namely: the range of elected officials; other means of registering public opinion; the frequency of elections; electoral constituencies; and voting systems. The second part of this section will consider the factors affecting local election turnout in different countries.

TABLE 5.7

Method of election and constituency in municipal authorities		
	Method of election	Constituency
Australia	Simple majority	Ward
Canada	Simple majority	Ward
Denmark	Proportional representation	At-large
France	Mixed, complex	At-large
Italy	Proportional representation for local authorities with pop. more than 5,000	
New Zealand	Simple majority	Ward
Norway	Proportional representation	At-large
Sweden	Proportional representation	At-large
USA	Simple majority	Mixed
West Germany	Mixed	Mixed
Great Britain	Simple majority	Ward

Election systems and practices

The range of elected officials.

In the USA a broad range of officials are elected by popular vote, in addition to those who sit on general purpose councils. These officials include mayors, judges, police and fire chiefs, heads of schools and members of school boards, members of special (usually single purpose boards or districts), and even the local dog and rat catcher. Of these, the elected mayor is of particular significance in providing for a separately elected principal executive. In the main the practice of voting for a wide range of local officials is confined to the United States, and in many cases the election of specialist and technical officials, such as judges, are not party political in quite the same way as council elections.

Other means of registering public opinion.

Some nations provide for means other than elections in order to register public opinion, notably the referendum, the initiative, the recall, and public opinion polls. The referendum is used in most nations, but sparingly and generally on rather special issues. Italy has introduced provisions for local referenda and petitions as did Sweden in 1977. The United States makes most use of local

referenda, usually holding them at the same time as regular elections. The most notable recent examples are those which limited local tax or spending levels, such as "Proposition 13" in California and "Proposition 2½" in Massachusetts, but there have been many others on less conspicuous issues.

The initiative and the recall are also typically American devices, the first allowing voters to enact or amend local legislation or city charters without resort to the elected legislative body, and the second allowing the removal of officials. Both are used infrequently and successful examples are rare, most failing for purely technical and legal reasons. Italy is experimenting with these devices. Local authorities in Sweden and New Zealand are making increasing use of public opinion polls and surveys, as some have in Britain, but although this practice may well continue to grow in importance, it remains an information gathering exercise without statutory significance or power. In sum, although most nations use different ways of registering public opinion, and filling or vacating public offices, the majority of local authorities use local elections for general purpose councils as the main electoral mechanism.

Frequency of elections.

In the great majority of western nations all councillors are elected at the same time. In fact, Great Britain, the United States, and South Australia are among the very few exceptions with *staggered* terms of office for some councils. In many countries local elections are held every four years (Denmark, Finland, Norway), but in some local elections take place every three (New Zealand and Sweden) or every five or six (France). In Austria, Australia, and West Germany different councils have different terms of office.

Electoral constituencies and voting systems.

In some nations council members are elected to represent the whole local authority (at-large or city-wide elections), whereas in others they represent a ward, district, or division of the authority (ward based elections). Small authorities are often undivided. While proportional representation, usually combined with the party list system, is often associated with authority-wide elections, it is also combined with multi-member constituencies (Table 5.7). The British combination of simple majority, ward based elections is rarely found in Western Europe, but it is normal in Canada, Australia, New Zealand and in some of the larger American cities.

A recent survey of local voting systems in the world found an equal division between proportional representation and simple majority systems, with fourteen nations opting for each, and a further three allowing a local choice.²¹ The simple majority system is favoured by the Anglo-Saxon countries of the UK, Australia, New Zealand, Canada and the USA, whereas a form of proportional representation is found in most west European nations.

Local election turnout

Turnout is defined here as the percentage of the registered electorate casting a valid vote. A full discussion of local election turnout in Great Britain can be found in Professor Miller's report in Research Volume III.

²¹ International Union of Local Authorities, *The Local Council: A Collation of 32 National Reports and a Covering Commentary* (The Hague: IULA, 1983), p.32.

Although the figures in Table 5.8 show a low level of turnout in the UK, these may be slightly misleading, for in this instance turnout is normally calculated only for *contested* seats. Before reorganisation a relatively high proportion of council seats were uncontested, and many of these were in rural and sparsely populated areas. Now more seats are contested, including those in formerly uncontested low turnout areas, the total number of people voting in local elections is likely to have increased. The inclusion of these figures in the turnout calculations lowers the overall figure.

TABLE 5.8

Turnout at local elections: approximate levels for municipalities

	Range	Mean
Australia: compulsory	75–95%	85
optional	30–40%	35
Canada	25–40%	33
Denmark	75–85%	80
France	65–75%	70
Italy	80–90%	85
New Zealand	40–67%	53
Sweden	80–98%	90
USA	15–40%	25
Great Britain	20–60%	40

Local election turnout in Great Britain is almost at the bottom of the international league table (Table 5.8). Setting aside those nations in which voting is technically or actually compulsory (Italy and parts of Australia), turnout ranges, for the most part, between 60% and 80%. In Sweden it approaches 90%, in Denmark it is over 70%, and New Zealand records around 45% for regional, 45% for borough, and 66% for county council elections. A comparative study of twelve western nations shows a turnout of roughly 70% in city elections.²² With a figure of around 20–60%, the UK is well below the average, and in this respect ranks with the United States, Canada and those parts of Australia where voting is not compulsory.

Determinants of Local Election Turnout.

For a full discussion of the determinants of local election turnout, the reader should consult Research Volume III of this series. One popular theory is that low turnout is caused by a general sense of political alienation. Equally popular is the opposite argument that citizens who are basically happy with local government and its performance will not bother to vote. Neither argument is supported by the evidence.²³ But in so far as local elections are a vital part of the democratic system, and if high levels of turnout are to be encouraged on this account, then what can we learn from other countries which might help this aim? As usual, it is easier to rule out some factors as

²² *ibid.*

²³ D Glass, Squire, Peverill and R Wolfinger, "Voter Turnout: An International Comparison" *Public Opinion*, January 1984, pp.49–55.

irrelevant than to say what is positively associated with high participation rates. For example, there is no real evidence that proportional representation sustains high voting levels²⁴ and although hard evidence is difficult to come by, it is probable that the mechanics of the election system (ward or city-wide constituencies, annual or less frequent elections, P R or simple majority systems) have a relatively minor effect on turnout levels.²⁵ The major exception to this generalisation occurs when local elections are held at the same time as elections for other levels of government as in Sweden since 1971. Sweden is now considering separating local and national election day.

One factor which is associated with turnout is party competition, the absence of which is almost certainly associated with low turnout, as in the non-partisan cities of the United States, for example.²⁶

In countries such as Sweden, Norway and Denmark where great stress is laid upon local government as an important governmental institution, and where the continued independence of local authorities is valued, election turnout tends to be substantially higher than in Britain. In Canada and in the cities of the United States in which local government is even less significant, turnout and participation in local affairs is lower still.²⁷

PARTISANSHIP AND THE INTENSIFICATION OF LOCAL POLITICS

The local councils of most nations in the western world have become increasingly party political over the past two decades or so, and the majority now have more or less well developed competitive party systems. This is particularly the case in the large cities and urban authorities.

It is important, however, to distinguish between two aspects of party politics. The first, which may be called *partisanship*, refers to the extent to which party organisation permeates local politics, from council elections through to the determination of policy. The second, *intensity* or intensification, relates to the style and temperature of political conflict. The two are not necessarily connected. In Sweden, for example, partisanship is highly developed, but since the dominant style of the country is to search for agreement and compromise, intensity is low.²⁸ The same is true of Norway and Denmark and was, and probably still is, of West Germany.²⁹ In Italy, on the other hand, partisanship is often highly developed and conflict between the parties is also acute.³⁰ This

²⁴ I Crewe, "Electoral Participation" in D Butler et al, *Democracy at the Polls* (Washington: American Enterprise Institute, 1981).

²⁵ For a discussion of the effect of size on turnout in British local elections, see C Rallings and M Thrasher, "Size and Democracy in British Local Government", Paper to the ECPR Workshop on Metropolitan Government, Barcelona, 1985.

²⁶ D Glass, Squire, Peverill and R Wolfinger, "Voter Turnout: An International Comparison" *Public Opinion*, January 1984, pp.49-55.

²⁷ R L Lineberry and E P Fowler, "Reformism and Public Policies in American Cities", *American Political Science Review*, vol 61, 1967; D J Higgins, *Urban Canada* (Gage, 1977).

²⁸ A Gustafsson, *Local Government in Sweden*, p.31; L Stromberg and J Westerstahl, *The New Swedish Communities*, p.38.

²⁹ T Hansen, "The Politics of Local Planning in Norway", p.176-177; B K Solvang "Activists in Local Committees", Paper presented to the workshop on the Political Element in Local Government, ECPR (Kristiansund, Norway: September 1978); P Bogason, *Central-Local Relations in Denmark*.

³⁰ R H Evans, "Local Government Reform in Italy, 1945-79" in A B Gunlicks (ed) *Local Government Reform and Reorganisation*, p.114; S Tarrow, "The Italian Party System Between Crisis and Transition".

section will consider the broad phenomenon of partisanship in local government abroad, before turning to the question of the matter of the recent intensification of local politics.

Non-partisanship

The spread of party competition at the local level has brought obvious benefits. An increasing number of council seats are contested. Council members are more representative of the general population. A wider range of issues are raised on the local political agenda. The lines of accountability between policy makers and citizens are clearer; and councils are more responsive to the general public.³¹ We may judge all this from those councils in the United States where candidates for political office are not allowed, by law, to identify themselves by party affiliation on the ballot, and where, consequently, councils are made up of independents.

Sixty per cent of American cities with a population of over 5,000 are non-partisan in this sense. It is established that these councils tend to be less representative of the general population than partisan councils. They tend to be dominated by small groups with professional and business interests, have lower levels of voting turnout, are less amenable to influence by either popular or minority group opinion. They are less likely to implement policies in the public interest, and tend to confine themselves to a relatively narrow range and low level of local services.³² But such is the thrust towards party organisation, that parties sometimes operate covertly, even in those cities in the United States where partisan contests are not allowed. In Chicago, for example, which is technically non-partisan, the council operated for many years with forty-nine non-partisan Democrats and one non-partisan Republican.

Parties and local elections

The non-partisan tradition has had considerable influence in the United States and Canada, but outside these two countries it is rarely found in the western world.³³ This does not mean that other countries are necessarily partisan. In fact there is a fairly clear division between the west European pattern of partisanship, and its absence in the Anglo-Saxon democracies, Great Britain excepted. In the majority of European countries there is a history of partisanship and certainly since 1945 most record a high and increasing degree of party activity in local government. There are some fairly large and influential local parties (sometimes national parties in local disguise), and independents are important in some places, but the general trend is towards the "nationalisation" of local politics.

Party competition is highly developed in Italian cities, usually with opposition from lists of independents. Parties are of increasing importance in French local government.³⁴ In Sweden, Norway and Denmark, the largest parties fight the majority of local elections and organise candidates and voters in much the

³¹ E C Banfield and J Q Wilson, *City Politics* (Cambridge, Mass.: Harvard Univ Press, 1963), pp.151–167; E Lee, *The Politics of Non-Partisanship* (Berkeley: Univ of California Press, 1960).

³² E Lee *The Politics of Non-Partisanship*.

³³ See, for example, E Lee, *The Politics of Non-Partisanship*; D Higgins, *Urban Canada*.

³⁴ See for example M A Schain, *French Communism and Local Power* (London: Frances Pinter, 1985) pp.139–140.

same way as in national elections. Indeed, in Sweden the municipal and county councils are entitled to pay subsidies to local parties in proportion to the seats held. Since 1970 the amount has risen steeply and in 1980 a total of 169 million Swedish Kroner were paid (£15 million at current exchange rates).³⁵ Turnout is very high.

The west European pattern is not found in many nominally partisan cities of the United States and New Zealand. The triennial local elections in New Zealand are usually dull affairs, with little public interest, and short and desultory campaigns. Few candidates fight as party representatives, and even well-known party activists sometimes prefer to stand as independents. There are few financial or other restrictions on the parties in local election campaigns. Registration is theoretically compulsory, but voting is not. Turnout ranges between 40 and 60%, but in 1977, 40% of councillors and 55% of mayors were returned unopposed. In 1980, independents controlled all but one of the major metropolitan authorities.³⁶

In Canada the parties which play such a dominant role in federal and provincial government play no direct role in local government, although local civic parties are sometimes important.³⁷ In Montreal the Civic Party dominates the council, and in Vancouver there is a competitive party system of local organisations.³⁸ Generally speaking, election campaigns generate little public interest or publicity, and turnout is about 35% in what are overwhelmingly non-partisan elections.³⁹

In Australia most of the smaller and more rural councils are not partisan. This means that while many council members are individually active in politics on the right of the spectrum, they maintain the pretence of being non-political in local affairs. In the bigger cities, however, both the Labour and Liberal parties contest seats, although the latter are inclined to form themselves into non-party "civic" groups. There is some evidence of the growth and spread of party politics, particularly in the larger and more urban authorities.⁴⁰

Party control and local offices

It is difficult to generalise about the role which party plays in the organisation of council work and in the allocation of local offices such as council leaders and committee chairmen. Patterns vary greatly, with party playing little or no role in many American, Canadian, Australian and New Zealand authorities. But in systems which are comparable to the British in being organised along party lines and making fairly extensive use of committees, there is a general pattern of the majority party or coalition controlling the most important offices. This is the case in Sweden, for example, but the style and temperature

³⁵ A Gustafsson *Local Government in Sweden*, pp.101–102.

³⁶ G Bush, "Local Government in New Zealand" in M Bowman and W Hampton (eds) *Local Democracies*, pp.80–83.

³⁷ For a discussion of local civic parties in Canada, see J K Masson and J D Anderson, *Emerging Party Politics in Urban Canada* (Toronto: McClelland and Stewart, 1972), especially pp.1–41.

³⁸ C Andrew, "Local Government in Canada", in M Bowman and W A Hampton (eds) *Local Democracies*, pp.156–159.

³⁹ *ibid*; D Higgins, *Urban Canada* p.245–247.

⁴⁰ M Bowman "Local Government in Australia" in M Bowman and W A Hampton (eds) *Local Democracies*, p.178; J K Chapman and M Wood, *Australian Local Government—the Federal Dimension* (Melbourne: Allen and Unwin, 1984).

of local politics is such that minority party members and non-partisan co-opted members can, and do, function effectively as committee chairmen, while non-partisan co-opted members can often play a crucial role in committee work.⁴¹ Generally speaking, however, the practice in most countries with partisan politics is for the largest party group or groups to control or even monopolise all important council positions. Party groups usually meet before council and committee meetings.

The intensification of council politics

For most of the post-war period the predominant style of most councils in Britain has been to search for bi-partisan solutions to problems. This seems to have been particularly true of committee work, even though the public meetings of the full council tended to involve a certain amount of "shadow boxing" and ritual party conflict. In this respect British and Scandinavian local government was run on much the same lines, with a high degree of partisanship but a relatively low degree of intensity. For example, twenty years ago it was reported that in Sweden "politics are deliberately played down. For it is the proud boast of local authorities large and small (Stockholm excepted) that only issues with a genuine political content are treated as such and that most matters are decided on their merits without party bias".⁴² The same tended to be true of Britain, though not, perhaps, in such a pronounced manner.

Over the past decade, however, major political differences have opened up within British councils, in a way that is not so evident in Sweden or in Denmark.⁴³ Britain is certainly not alone in having partisan councils, but it seems to stand out for its escalation of sharp political conflict and division in the last few years. Why is this? One of the more likely possibilities turns on the decentralist experiments currently in progress in many west European nations. Councils with an expanding range of duties and increased autonomy may be more inclined to get on with the job in a pragmatic and co-operative fashion than those which are being cut back and restrained; an expanding (winning) team may be more peaceful and accommodating in its workings than a contracting one faced by uncertainty. Denmark was a clear case of this until recently, but perhaps the clearest example is in Spain, where the ending of an authoritarian and centralist regime has resulted in the emergence of partisan local councils with a relatively low level of intensification.

One noticeable international trend concerns the discussion by local authorities of non-local political matters. A recent survey carried out by the International Union of Local Authorities⁴⁴ suggests that local councils often discuss political matters which are not strictly or technically speaking within their sphere of competence, including such things as foreign aid, human rights, nuclear policy (military and domestic), and the economic policies of private companies. Such discussions are the norm rather than the exception with regard to matters of

⁴¹ L Stromberg and J Westerstaahl, *The New Swedish Communes*, p.39.

⁴² A H Marshall, *Local Government Abroad*, Vol 4, Committee on the Management of Local Government (London: HMSO, 1967), p.61.

⁴³ R L Morlan, "Territorial Reorganisation and Administrative Reform in Denmark" in A B Gunlicks, *Local Government Reform and Reorganisation*, p.39.

⁴⁴ International Union of Local Authorities, *The Local Council: A Collation of 32 National Reports and a Covering Commentary*, pp.41-42.

national politics, and not at all unusual, though not frequent, in the case of international issues.

In sum, the spread and development of competitive party political organisation—or partisanship—in local government is typical of west European countries, but more unusual in the United States, Canada, New Zealand and Australia. Most political scientists agree that party competition helps to improve local accountability and responsibility in local government as it does in national government, and evidence from the non-partisan cities of the United States confirms this. However, partisanship should not be confused with intensity, that is, the style and temperature of political conflict. While most local government systems in west Europe are partisan, and while a degree of intense conflict is not unusual, Britain seems virtually unique in the degree to which local government has become both more partisan and intense in the last few years. One explanation may be that while most west European systems of government are currently experimenting with the decentralisation of power, Britain is doing the converse, thereby placing increasing pressure on local politicians.

THE EXERCISE OF EXECUTIVE POWER

The decision-making machinery

Local government systems abroad exercise political power in a variety of ways, using a number of different formal decision-making systems. We consider briefly here the more common of these formal systems, namely the use of committees; the executive mayor/commissioner form; the working of council/commission/board of control schemes, and the council/manager system.

Government by committee

Local government decision-making in many countries takes the form of government by committee, with the notable exception of some of the non-partisan small council/city manager systems found in parts of the USA, Canada and Ireland. Local government by committee is well established in New Zealand (where it is known as the “workhouse”), and in Australia.⁴⁵ In Canada it tends to be the smaller municipalities which continue to use the committee system, even though the number of councillors in such places is often quite small (under 25).⁴⁶ Danish, Norwegian and Swedish municipalities all have a range of standing committees, normally service based (eg for education, social welfare, environmental health etc.), but they also have an *executive* committee whose functions are to lead, co-ordinate and oversee the implementation of council policy. The Swedish executive committee is expected to direct and supervise the work of other committees, acting as a form of municipal cabinet. By virtue of this co-ordinating function, the executive committee can make representations and suggestions to other committees and it co-ordinates the budget, whilst its powers of initiative

⁴⁵ G Bush, *Local Government in New Zealand*, (London: Allen and Unwin, 1980), p.139; M Bowman, “Local Government in Australia” in M Bowman and W A Hampton (eds) *Local Democracies*, p.179.

⁴⁶ D Higgins, *Urban Canada*, pp.108–112.

provide it with good opportunities to exercise control and to determine priorities. Part of its responsibilities also involves simplifying red tape and facilitating contacts between the municipality and local residents.⁴⁷ In Sweden the establishment of such an executive committee is a statutory requirement. The committee normally comprises the leading representatives of all the parties on the council on a proportional basis.⁴⁸ It is the work of this committee which has led to increased specialisation and professionalisation amongst elected members in Sweden. A similar tendency has been noted in Denmark and Norway, where executive committees are organised along similar lines. In Australia, the creation of similar committees has also become more widespread, following a 1977 report by Bains (of local government reorganisation fame in Britain) in New South Wales.⁴⁹

Such committees tend to be established where either the authority itself is large in area or population or it has a wide range of functional responsibilities, or both. The object is to overcome some of the weaknesses associated with the more traditional committee system, such as lack of co-ordination and the tendency for committees to proliferate over time. However, in other countries, alternative structures/systems have been devised to overcome some of these problems. Foremost amongst these is the executive mayor/commissioner system.

The executive mayor/commissioner

In France, Norway, Italy, Denmark, Sweden and in parts of West Germany, as well as in many American and Canadian cities, effective executive power is in the hands of an elected mayor or commissioner. In some cases (the United States, Canada, large Australian cities, France and Bavaria in West Germany) the mayor/commissioner is directly elected for a fixed term of office, deriving considerable political and administrative power, as well as legitimacy, as a consequence. In Italy, Denmark, Norway and Sweden, and in other parts of West Germany, the mayor/commissioner is chosen from the ranks of the elected members, but still acts as the political and administrative head of the council.

In Canada, the mayor is expected to act as the "chief executive of the city".⁵⁰ He acts as the main initiator of policy, represents the authority in negotiations with other levels of government and other interests, and he is a member of all committees, boards, commissions etc. established by the authority. He has no power to appoint officials, but his is a full-time paid post, and the chief role is to provide political leadership. Echoes of the system are to be found in the West German mayor in areas like Saarland and Rhineland Palatine, but it is the American strong mayor system which provides the model for Canada. Mayors in America frequently become influential beyond the boundaries of their cities (for example, Abe Koch, the mayor of New York is known

⁴⁷ A Gustafsson, *Local Government in Sweden* pp.63–66.

⁴⁸ G Gustafsson, *Local Government Reform in Sweden*, pp.112–116; L Stromberg and J Westerstahl, *The New Swedish Communities*, pp.54–63.

⁴⁹ M Bowman "Local Government in Australia" in M Bowman and W A Hampton (eds) *Local Democracies*, p.180.

⁵⁰ For a discussion of the mayor in Canada, see T J Plunkett, *Urban Canada and its Government: A Study of Municipal Organisation* (Toronto: MacMillan, Canada), 1968; D Higgins, *Urban Canada*.

internationally), and as such they are often able to secure particular benefits from higher levels of government for their community.

In this respect the French mayor is similar. He too is expected to act as his community's representative and to secure benefits for his locality. As such he uses his accumulation of elected offices (the *cumul des mandats*) at different levels of the French political system to ensure that his locality's interests are protected. Representing and negotiating for the locality are the mayor's main responsibilities and, regardless of party, the mayor is judged on his success.⁵¹ Thus Communist and Socialist mayors were as successful in obtaining benefits for their communes under the previous Gaullist regime as Gaullist mayors were under the recent Socialist government.⁵² However, it should be noted that one of the consequences of recent structural reforms in France has been to weaken the status and position of local mayors in favour of other elected officials at regional and departmental levels.⁵³

In Italy and Scandinavia we have already seen that the president/commissioner is indirectly elected from the council. In both Norway and Sweden the mayor/commissioner, who is both the political and administrative head of the authority, has to work closely with the executive board and thus may have to deal with close colleagues drawn from parties other than his own. Like their counterparts elsewhere, however, Swedish and Norwegian mayors/commissioners operate on a full time basis and again are considered to be the main political figure in their community.

Commissions/boards of control

In some parts of Canada and West Germany executive power is exercised in other ways. Some Canadian cities (Edmonton, Regina and Calgary are examples) employ a council/commission system, where an elected council works with appointed commissioners who are each responsible for a specific department or area of council work, and who again act essentially as the responsible executive. In Ontario, including the City of Toronto, a board of control/commissioner system is employed. Here there are two separately elected bodies: the council (which acts as a legislature) and a board of control, comprised of a small number of elected commissioners or controllers (usually less than six) who, together with the mayor, act as the executive.⁵⁴ West Germany has something similar to the elected board of control system in Schleswig-Holstein and Hessen.

Systems such as these have both advantages and disadvantages. Both allow for the co-ordination of policies and programmes through the collective responsibility of commissioners to the council, and this arguably improves efficiency. Including the mayor in this executive group further increases the fusion between the legislative and executive arms of the municipality. Where commissioners are elected, as in the Ontario and West German examples, they

⁵¹ F Dupuy, "The Politico-Administrative System of the Department in France" in Y Meny and V Wright (eds), *Centre-Periphery Relations in Western Europe*, pp.82-84.

⁵² For a discussion see M A Schain, *French Communism and Local Power*.

⁵³ This point is discussed in F Dupuy, "The Politico-Administrative System of the Department" in Y Meny and V Wright (eds), *Centre-Periphery Relations in Western Europe*, pp.82-84. See also Y Meny, *Centralisation and Decentralisation in France*.

⁵⁴ D Higgins, *Urban Canada*. p.120.

derive added legitimacy, but they may equally be in competition, both with each other and the mayor, to produce results. The disadvantages of these systems lie in the way that they concentrate considerable power in the hands of a small group of commissioners and how they add another level to the decision-making structure, risking possible isolation between elected members and the service departments beneath the board of control/commission.

Council/Manager systems

These systems are associated with the early twentieth century municipal reform movement in the United States, which led to the establishment of the council-manager system of local government in many American cities: approximately half of all cities between 10,000 and 500,000 population had adopted this form of government by the early seventies, but it remains the form used mainly in small municipalities.⁵⁵ The system has also been adopted in parts of Canada (Vancouver, Halifax and parts of Quebec); in West Germany (North West Rhine, Westphalia and Lower Saxony), and nearer home in Ireland.⁵⁶

The system is based on a small council (frequently fewer than ten people) elected at large, together with a weak or figurehead mayor, with a strong professional administrator, the city manager, who acts as the chief executive. The system has its base in the International City Management Association, which for many years has provided American cities with a "model city charter" setting out the relationship between the manager and the council.

In both America and Canada the city manager is likely to be a graduate in public administration and a highly mobile professional, though his Irish counterpart is less so.⁵⁷ City managers are generally responsible for the oversight of policy implementation, preparing the budget, hiring and firing other officials, and making policy recommendations to the council. Their skills are administrative and their major resource is technical expertise. American city managers are highly paid powerful political actors in the cities in which they operate, as are their Irish counterparts,⁵⁸ though they appear less powerful in the Canadian case. However, the non-partisan tradition of Canadian local government also places a strong emphasis on professionalism in its officials, who are often effectively more powerful than the politicians who formally control them.⁵⁹

⁵⁵ The council-manager system is particularly associated with small non-partisan municipalities, having its roots in the municipal reform movement in America at the turn of the century. For a discussion, see C R Adrian and C Press, *Governing Urban America*, (New York: McGraw Hill, 1972).

⁵⁶ T J Plunkett and G M Betts, *The Management of Canadian Urban Government*, (Kingston, Ont.: Queen's Univ., 1978); C A Collins, *The Irish City Manager*, (Unpublished Ph.D thesis), (Belfast: Queens's University, 1984).

⁵⁷ See R Lineberry and I Sharkansky, *Urban Politics and Public Policy* 3rd Edition, (New York: Harper and Row, 1978); D Higgins, *Urban Canada*; C A Collins, *The Irish City Manager*.

⁵⁸ R O Loveridge, *City Managers in Legislative Politics* (Indianapolis: Bobbs Merrill, 1971); D S Wright, "The City Manager as a Development Administrator" in R T Dalland (ed) *Comparative Urban Research* (Beverly Hills, California: Sage, 1969); C A Collins, *The Irish City Manager*.

⁵⁹ These points are discussed in D Higgins, *Urban Canada*; T J Plunkett and G M Betts, *The Management of Canadian Urban Government* (Kingston: Queen's University, 1978).

This review of the way in which different countries exercise executive power at the local level reveals that most countries have attempted to tackle the problems of planning and co-ordinating policy making and service delivery by creating some kind of executive body which is generally smaller than the full council. Most countries have gone beyond the establishment of traditional committee systems by adding a small executive body between the council and its administrative departments. These bodies vary from the use of a directly elected mayor or commissioner (basically North America) through the creation of indirectly elected boards or commissions (widely used in Scandinavia), to the appointment of a professional city manager (North America and Ireland). All clearly involve a concentration of power and division of labour amongst elected officials. As such they create two "tiers" of elected members: a small group—sometimes only a single individual—who are heavily involved in policy-making and execution, and a larger group whose essential role is that of backbench legislator and representative. The directly elected strong mayor or commission forms appear to encourage a greater sense of legitimacy and accountability than is the case with the more indirect systems (executive boards or commissions).

Paid officials

The British tradition of the full time paid professional officer, serving his authority regardless of its political complexion, has been imitated around the world, and as an effective administrative form is rivalled only by the professionally trained American city manager. In Australasia and Scandinavia the same non-partisan approach also persists, and commentators also draw attention to the importance of such officials in the policy process.⁶⁰ In France, officials belong to the local civil servants' union, having guaranteed tenure regardless of the party in control, though it has to be remembered that the communes do not have many professional officers. Since the 1981 reforms there has been a trend for former prefects (representatives of the central bureaucracy) to move over to the regional level.⁶¹

However, there are examples of the appointment to what might be called "political" positions. In Sweden, councils sometimes appoint "political secretaries" to assist commissioners in their political duties,⁶² whilst in Norway it is not unknown for officers to be visibly active in politics: the chief executive of Oslo, for example, was a leading campaigner against EEC membership. Similar circumstances apply in West Germany. In France many urban mayors have a "cabinet" designed to provide political advice, and the United States also provides examples of appointments to "adviser" positions. Such appointments tend not to be made from the ranks of the career public servants, and in all these countries the tenure of such political appointees is likely to be limited to the term of office held by the authority responsible for the appointment.

⁶⁰ G Bush, *Local Government and Politics in New Zealand*; G Bush, "Local Government in New Zealand" and M Bowman "Local Government in Australia" in M Bowman and W Hampton (eds) *Local Democracies*; L Stromberg and J Westerstahl, *The New Swedish Communities*, p.61.

⁶¹ This point is covered in Y Meny, *Centralisation and Decentralisation in France*.

⁶² A Gustafsson, *Local Government in Sweden*, p.94.

Relations with civic and community groups

Civic and community groups are active in local politics in all the countries covered in this report. John Gyford explores their significance for British local politics in chapter 4 of this volume. In some countries such groups exercise considerable influence on local policy making. In this respect there are few systematic differences between European and Anglo-Saxon nations. In New Zealand pressure groups representing the interests of ratepayers, professionals, businessmen, farming, as well as neighbourhood, environmental and community groups are all active. In Australia, coalitions of trade unions and environmental interests prevented building on some stretches of open land ("Green Bans"). This is only the most conspicuous of a general movement, widespread in Australia, and involving business interests, service clubs, cultural organisations as well as neighbourhood groups and residents/ratepayers' interests.⁶³ In Sweden an interesting variety and number of organisations are involved in local affairs. They include environmental, neighbourhood and women's groups, as well as trade unions and business interests. The involvement of such groups is generally confined to large towns and cities.⁶⁴ Norway also reports a high number of citizen organisations active in local politics. In Denmark recently groups representing the young unemployed, as well as mothers and workers in day care centres, have been closely involved in recent struggles over welfare policies whilst business and trade-union interests have a longer history of involvement.⁶⁵

In Canada, there have been frequent clashes between the representatives of property and environmental interests over central city redevelopment in practically every major urban centre,⁶⁶ though residents and ratepayer organisations also have a long history of involvement. American towns and cities have long been the home of interest group politics, and the role of local government has often been characterised as the broker amongst competing interests. Big business has been a dominant group involved, though more recently ethnic minority groups and environmental organisations have been prominent.⁶⁷

There is less information readily available on the activities of groups in Italy, France and West Germany, though in all three countries the activities of business and environmental groups (the Greens) are well known, whilst large concentrations of ethnic minorities from North Africa, parts of Asia and Turkey in many larger cities have brought such groups into political involvement in all three countries.

Close links between councils and outside organisations help the process of responsive and accountable government. First, the links between both sides act

⁶³ G Bush, *Local Government and Politics in New Zealand*, pp.183–187; M Bowman, "Local Government in Australia" in M Bowman and W A Hampton (eds), *Local Democracies*, p.181; J K Chapman and M Wood, *Australian Local Government—the Federal Dimension*, pp.55–56.

⁶⁴ G Gustafsson, *Local Government Reform in Sweden*, pp.136–140; L Stromberg and J Westerstaal, *The New Swedish Communities*, pp.42–43.

⁶⁵ K Simonsen, "Urban Social Movements" in M Goldsmith and S Villadson (eds), *Urban Political Theory and the Management of Fiscal Stress*, (Farnborough: Gower, 1986).

⁶⁶ W Magnusson and A Sancton (eds), *City Politics in Canada*, pp.310–312; D Higgins, *Urban Canada*, pp. 201–220; C Andrew, "Local Government in Canada" in M Bowman and W A Hampton (eds), *Local Democracies*, p.159.

⁶⁷ R L Lineberry and I Sharkansky, *Urban Politics and Public Policy*, pp.172–233.

as vital channels of communication and information between local government leaders and ordinary citizens, a fact recognised by commentators from all countries. Groups which are denied such access are frequently prone to adopt disruptive, even unconstitutional means of making their claims. Second, the support of community and citizen groups is frequently necessary for the making of council policy and for its effective implementation: such has been the case with the involvement of many groups and organisations from the voluntary sector associated with welfare services generally in much of Scandinavian local government. Similarly the involvement of business and environmental groups over land use matters is common to all countries in our survey, forcing local authorities to recognise that a balance has to be struck between the competing claims of development and conservation. To this extent, the participation of organisations is generally welcomed by local officials who see it as part of the democratic process, in which both public and private bodies try to co-operate to their mutual benefit and satisfaction.

In some countries, including Australia, America and Canada, however, some commentators consider the close collaboration between city governments and some interests (especially those representing business and industry) to be unhealthy, since it may exclude other important interests.⁶⁸ On the other hand, the Scandinavian style of involving a wide range of organisations in local decision-making (often on a formal basis) may lead to those interests being suffocated by the enthusiasm of officialdom.⁶⁹ However, most countries appear to have experimented, as has Britain, with ways and means of extending the involvement of neighbourhood and resident groups in local policy making, as well as those groups particularly concerned with specific service areas, a reflection perhaps of the widespread recognition by local authorities of the need to make local government both more open and accessible to the public and their organisations.

SUMMARY OF FINDINGS

The status of local government as an institution in different countries varies, depending on the range of functions allocated to it; the discretion which it has to undertake those functions, and its ability to influence other levels of government in their policy making processes. In no country does local government have complete autonomy to do as it pleases, whether or not it is based on a system of general competence or on the doctrine of *ultra vires*.

British local authorities are exceedingly large by the standards of other countries. British councillors represent on average a substantially greater number of electors than do their counterparts elsewhere. The amount of time devoted to council business by elected members is variable between countries, but where it is increasing it would appear to engender tensions between their roles as policy makers and elected representatives. The results may well be a fall in the morale and a higher turnover of council members.

⁶⁸ R Friedland, *Power and Crisis in the City* (London: Macmillan, 1982), W Magnusson and A Sancton (eds), *City Politics in Canada*.

⁶⁹ L Stromberg and J Westerstahl, *The New Swedish Communities*.

Whilst most countries employ a form of local election for representatives who serve on a general purpose council, a variety of different electoral practices and arrangements are used in different countries. Local election turnout in Great Britain is unusually low, ranking with that in parts of the United States, Canada and Australia. This may reflect the variable public esteem in which local government is held, but the evidence is not conclusive.

The spread and development of party political organisation—*partisanship*—in local government is typical of west European countries, but more unusual elsewhere. However, partisanship should not be confused with the *intensity* of party conflict. In this respect Britain seems to be unique in the degree to which local government has become *both* more partisan *and* more intense in recent years. One reason suggested as to why this may be so is that whilst more west European states have been experimenting with the decentralisation of power from the centre in recent years, Britain has been doing the converse.

Most countries have attempted to tackle the problems of planning and co-ordinating policy making and service delivery by creating some kind of executive body generally smaller than the full council. The form varies from the use of an executive mayor/commissioner through executive committees and elected boards to the council/manager system. Directly elected systems encourage a greater sense of legitimacy and accountability than do indirect systems. All involve some concentration of power, the most extreme form being the council/manager system which places power effectively in the hands of the professional city manager. Most paid officials are appointed on a non-partisan basis, though in a few countries some appointments are made to political positions. Generally such appointments are to advisory posts and are limited to the term of office held by the person responsible for the appointment. Last, most countries appear to have experimented with ways and means of involving citizen organisations in policy making and service provision, perhaps reflecting a sense that local government needs to be made more open and accessible to the public at large.

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